NEWS IN BRIEF

Bartell to open second-biggest unit

SEATTLE — At press time, Bartell Drugs was set to open its 33rd store May 21 in Lake Meridian. At about 14,000 square feet, the newly constructed store, situated in a strip center with a supermarket, is the chain's second largest. Both the Lake Meridian unit and a new store opened in March in Canyon Park Place shopping center have pre-recorded tapes, a section Bartell is introducing in a few stores.

At least one more store opening is planned this year; it's slated for September in Bellevue, according to Gordon O'Reilly, vp-merchandise for the chain.

Dot picks pharmacy and POS systems

KANSAS CITY — Dot Drugs, the 14-store deep discounter, has announced that it will use National Data Corp.'s DataStat Pharmacy application, and NDC's point-of-sale system. Dot was purchased from Wal-Mart by a four-person management team Feb. 1.

Both applications run off an IBM PS/2 computer, with a level of integration. For example, pharmacy files are automatically updated when drug purchases are made at the front-end POS. Pharmacy application features also include on-line pharmacy inventory records, price calculation, and medical records.

The point-of-sale application employs TEC M-2300 electronic cash registers and supports scanning with automatic inventory tracking and price look-up.

While there is a second IBM PS/2 in each store, it's not used for the pharmacy/POS applications, but as a work station.

McKesson promotes McGuire, Wilde

McGuire

Wilde

SAN FRANCISCO — McKesson Drug has promoted two regional vps, Robert McGuire and Hank Wilde, to the newly created positions of senior vp-operations.

In addition, McKesson has realigned its 46 distribution centers into seven rather than eight regions.

The organizational changes are aimed at achieving closer coordination between staff and operating units.

McGuire, 49, will be responsible for four regions with 21 distribution centers in the eastern United States. Zee Medical Products, the company's distributor of first aid supplies and emergency medical products, will also report to McGuire.

Wilde, 56, will have responsibility for three regions with 25 DCs in the western and central U.S.

Roth named president of Lamston

Roth

NEW YORK — Parent company Plymouth Lamston Stores Corp. recently announced that Neil Roth, former vp-marketing at Revco, has been named president of the Lamston variety/convenience store chain. Lamston has 27 stores in the New York metro area.

Before his employment at Revco, Roth was a merchandise director at Eckerd and president of the Carl's Drug chain of upstate New York.

IN THIS ISSUE

Beauty Trends

Ethnic merchandising 11
Beauty Beat 16

Trends

Technology overview 27

Inside Pharmacy

Tokyo drug stores look toward Western styles IP1
Pharmacists back on line for the nineties IP1
Cohen's Capsules IP3
My way of thinking IP3
Washington Perspective ... IP4
Study on new drug development IP4
Statewire IP6
Drug Watch IP10
Pharmacists numero uno in the eyes of consumer IP14
Continuing Education on glaucoma IP19

Departments

Opinion

In the Market 4
The Human Side 4
Ads and Promotions 6
Finance 30

American mulls over sale of Buttrey Food and Drug

SALT LAKE CITY — Stung by legal challenges that continue to tie up its planned merger of its Lucky Stores and Alpha Beta divisions, American Stores is considering the sale of its Buttrey Food and Drug subsidiary.

Headquartered in Great Falls, Mont., Buttrey operates 44 supermarkets and combo stores in Montana, Idaho, Washington, Wyoming, and North Dakota. The company announced in mid-May that it will "wait to review the bids for Buttrey before making a final decision to sell the chain."

Bids are being solicited by Shearson Lehman Hutton Inc., and American reported that a "number of parties interested in the purchase" have surfaced, including an employee group led by Buttrey's managers.

American appeared eager to link the possible sale with its unsuccessful efforts to merge Lucky and Alpha Beta. Besides the fact that the division "is not yet performing at the levels desired" despite recent improvements in sales and earnings, American noted that its legal headaches stemming from the planned merger are a factor.

"The continuing litigation with the California Attorney General, which has prohibited American from merging Lucky and Alpha Beta, has forced the company to review all its marginal performing assets for possible sale," the company announced.

The U.S. Supreme Court handed American its latest legal obstacle in early May by ruling against the company's appeal and granting the State of California the power to exercise federal antitrust laws to block the merger while the matter is reviewed in court. That decision "will cause American Stores to return to federal court for an antitrust trial," the company announced.

Biggest draw is low prices:

Twin Valu's hypermarkets add new punch to Cleveland market

By James Frederick

EUCLID, Ohio — Twin Valu has opened its second hypermarket in this suburb east of Cleveland, and is readying a third site in the Cleveland area for opening late this year, as it scouts additional sites.

Based in Green Bay, Wis., Twin Valu is a subsidiary of Minneapolis-based Super Valu Stores, an $11 billion retail and wholesale conglomerate that also operates ShopKo discount stores and CUB Foods.

Pharmacy
n Valu Pharmacy · quick service · low prices
generic prescriptions free mail out service
Free mail out service
Quick Service
with generic prescriptions
97
4.9
3.79

Pharmacy is among key specialty shops that are highly visible in this 181,000-square-foot megastore format. H&BA and cosmetics are also prominently displayed.

Year-long test

The grand opening last month followed a year-long test of the concept in nearby Cuyahoga Falls, near Akron. Twin Valu is a 181,000-square-foot megastore featuring a broad assortment of food, drug, and general merchandise. Its managers insist on calling it a superstore rather than a hypermarket.

Indeed, the stores differ from hypermarkets in some significant ways. They are easier to shop than most hypermarts, thanks to careful merchandising and departmental adjacencies that make clear divisions between food, GM, H&BAs, clothing, and other broad categories. Departments are also clearly marked and the store's glitzy decor package eschews the bare-bones approach of some other megastore outlets.

In addition, specialty departments like pharmacy, a complete optical center, a one-hour photo lab, a restaurant, and an electronics/video center are within easy reach along the front of the store, where they face 51 scanning checkstands.

The stores also feature a deeper assortment of everyday brand-name items than do most hypermarkets or off-price stores. Twin Valu stocks some 65,000 items, including 40,000 non-food SKUs. To stay well-stocked, the stores take nightly shipments from Super Valu's Indianapolis-based wholesaler.

The huge format was developed as a marriage between the ShopKo chain of discount mass merchandise stores and CUB Foods, Super Valu's pioneering discount supermarket division.

The stores carry enough H&BA, greeting cards, cosmetics, and pharmaceuticals to rival any drug store; enough produce, fresh fish, meats, deli items, and other modern food specialties to give supermarket competitors the jitters; and enough general merchandise to give the K mart store down the road a serious challenge.

The stores carry enough H&BAs, greeting cards, cosmetics, and pharmaceuticals to rival any drug store; enough produce, fresh fish, meats, deli items, and other modern food specialties to give supermarket competitors in Cleveland the jitters; and enough general merchandise to give the K mart down the road a serious challenge.

Twin Valu's biggest draw, however, is low price. The stores draw traffic by combining everyday, across-the-board discounts in all merchandise categories with so-called "TPRs" (temporary price reductions) on specially marked items featured throughout the store. Another low-price drawing card is the store's "Wall of Values" in a central location at the rear of the sales floor, where deal merchandise at sharp discounts is stacked floor-to-ceiling.

Twin Valu president Gene Bankers said the store can "maintain low pricing due to high volume, operating efficiencies, and by passing all manufacturers' allowances to its customers."

In the pharmacy, Twin Valu offers a $5 guarantee that its prescription prices are lower than those of its competitors. Generics are given heavy emphasis for their cost-savings.

OPINION

Good service generates customer loyalty

IN THE MARKET
BRUCE BUCKLEY

I went shopping for garage door grease last weekend in my local hardware store, not a particularly momentous event, except that I was impressed by what the proprietor did for a customer who came in looking for a painter's hat.

The proprietor strolled into the stockroom. When he came back with the hat he wordlessly pushed it across the counter.

"How much do I owe you?" the customer asked.

"No charge."

The customer hesitated. He was obviously uncomfortable because he hadn't purchased any paint at the store. "Come on," he insisted, thrusting his hand in his pocket. "How about a buck or something?"

"Nope," the owner replied. "The hat's on us. But if you need any paint in the future, think about us."

A simple, inexpensive gesture. A small bit of investment in customer relations and future business. It's the kind of free service that's been done by Main Street shopkeepers for generations, yet has been difficult for most large retailers to replicate with any consistency. And, of course, consistency of service and presentation is where the retail wars of the '90s are going to be won or lost.

We know one executive of one of the nation's most successful drug chains whose principal criterion for hiring a new store employee is: Does the candidate smile?

Too simplistic? Not to my mind. A bright smile on a gloomy day can be a better promotion than a free hat.

Speaking of free services, *Drug Store News* plans to launch a new electronic publication next month aimed at providing confidential job-wanted listings for executives who may be temporarily out of work because of consolidation, cost-cutting moves, or other dislocations so prevalent in the industry nowadays.

The publication is called JOBFAX.

As the name implies, the new publication will be sent by facsimile machine to a list of hundreds of key executives at drug chains and manufacturing companies nationwide. We plan to issue JOBFAX twice a month starting in June. Our intention is to provide this service on a completely confidential basis—no fees or later favors expected.

So, what do you do if you're a live wire in marketing, operations, pharmacy, MIS, or any other retailing discipline and you suddenly find yourself out in the cold, looking for another headquarters job? Just send a blind want ad describing your strengths and needs in 75 words or less to *Drug Store News*, Confidential Box 100, 425 Park Ave., New York, N.Y. 10022. Don't forget to include your name, address, and daytime telephone number. We won't publish it, but we'll need it for verification purposes.

We'll publish your blind listing in the first available JOBFAX, along with a free box number, to which interested companies can write. No charge to you or the companies. When letters arrive addressed to your box number, they'll be mailed to you unopened. The rest will be up to you and the interested companies.

What's in it for us? Well, for our part, a free listing in JOBFAX is a little like that painter's hat: a small investment in reader loyalty, which we're pushing to maintain in the publishing/information wars of the '90s.

Service is the challenge of the decade

THE HUMAN SIDE
AL HELLER

Can a person become ill from reading incessantly about the importance of service? If you think so, pop two aspirin, dust off your resume and think about where you want to work next—because you may not be welcome at your drug chain for long.

Fred Canning, Walgreens board member and former president, declared at the recent NACDS Annual Meeting: "One-third of all Americans between 18 and 65 always feel rushed today. Retailers who survive in the '90s will either respond to this time crunch—or lose a lot of customers."

Time poverty may well be the consumer cry of this decade. That will be manifested in value-bent, practical purchase decisions, and destination shopping, where people visit a store for a specific item and browse less. They'll be tougher to entice, even through the most clever marketing gambits—unless retailing basics are in place.

For the one in three Americans who visit their drug store at least once a week, and the 29 percent who shop there two to three times a month, service is the biggest improvement they would make in the drug stores they use. In a national survey of 1,000 consumers conducted for NACDS by Peter D. Hart Research Associates this spring, service came up by a 2:1 margin over prices as the most frequent *unaided, volunteered* suggestion on how to make stores better.

"Forty-five percent say their pet peeve is waiting in long lines while other cash registers are closed. . . to those whose time is at a premium. . . this is unforgiveable. . . People seem most riled by poor checkout service and poorly informed sales people," the study said. "Nothing could do more to improve the drug store's image than to upgrade the service."

Which services will be especially important to consumers between now and the year 2000? Which would they be willing to pay for? The survey probed respondents, and came up with some opportunities.

Among all adults surveyed, 45 percent said "they will pay higher prices or submit to the inconvenience of returnable containers for products that are environmentally safe." The same percentage said they want direct third-party billing.

FAX and postage services seem especially sought by working women and people who visit drug stores regularly; 39 percent of all adults polled found this idea "extremely or very appealing." Another 38 percent indicated they "will purchase products that help protect their skin from environmental damage."

Other notable followings: 35 percent favor interactive computer systems that give recommendations on health products; 34 percent would like shopping credits; 33 percent want to buy diagnostic aids at drug stores; and 32 percent would appreciate the offer of simple lab tests for strep throat cultures.

The NACDS-Hart survey unveiled a pattern of niche buying among consumers that is apparent in the way they use drug stores. Nearly seven in 10 buy medications in drug stores, but just four in 10 make front-of-store purchases. "There is a considerable decline between loyalty to the pharmacy and loyalty to the rest of the store," the report read.

"Americans have divided loyalties," it continued, noting that 53 percent of respondents "mainly use a drug store for some element of their purchasing. . . In every group of the population, a majority or plurality use a drug store for some purchases—but that means they also uses discount and supermarket stores."

Any drug store retailer who thinks service will not swing the consumer vote in his favor in the '90s ought to pop those aspirin and go. Otherwise, replace the bottlecap and start developing meaningful services. That is truly the challenge of the decade, and the one that holds promise of the greatest payback—loyalty.

DRUG STORE NEWS®

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Vaczek**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Assistant Pharmacy Editor
Elizabeth Richardson
Editorial Assistant **Fred Rueckher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maryellen Seery**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Office Manager: **Angela Ftaras**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Area Manager: **Maggie Kaeppel**
Office Manager: **Beverly Wendtland**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**
Office Manager: **Maureen Jackson**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg

Board of Advisers

Judie Doherty, McKesson Corp.
Bill Edwards A. L. Price
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher
James T. deGraffenreid
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau MPA ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

Boldest chains beat ethnic's overall growth

Overall sales of ethnic products in chain drug stores appear to be up moderately this year, with performance flatter in some weak economic regions of the country.

Plenty of bright spots are enhancing ethnic productivity: relaxers, hair color, skin care, styling aids, shaving and hair conditioning products are strong, buyers and distributors report, with growth as high as 15 percent to 30 percent over a year ago.

Many of these surges are evident, however, in categories with a relatively small dollar volume base such as skin, shaving, color and styling aids. Their growth is offset by the decline in curl kit and curl maintenance product sales, say buyers.

In the Northeast, the Midwest, and some portions of the the West Coast, buyers and distributors are reporting better than average increases in overall ethnic category sales, particularly for stores in dense ethnic neighborhoods.

Plenty of bright spots are enhancing ethnic productivity: relaxers, hair color, skin care, styling aids, shaving and hair conditioning products are strong, buyers and distributors report, with growth as high as 15 percent to 30 percent over a year ago.

Tough times

However, in some parts of the South and the Southwest (such as Oklahoma, Texas and Louisiana), where the economy is still relatively soft, some drug chains and ethnic distributors say sales are still soft on average, or at best, flat. One source said that in his stores in these markets, "times were tough" for ethnic hair care as well as other core H&BA categories.

There are also certain chains that are doing an above-average job with the category, and sources say sales in these companies are much better than the industry average.

Chains like **Eckerd**, **Big B**, **Perry**, **Peoples** and **Harco**, for example, are currently very aggressive with the category, giving it more space, pricing very sharply versus their competition, advertising the category more and working very hard with manufacturers and/or distributors to stay on top of sales and styling trends.

Many chains such **Arbor Drug**, **K&B**, **Walgreens**, **Longs**, **Thrifty** and **Pay Less** are doing reasonably well with the category, with sales in high volume stores still showing growth, in some cases up as much as 8 percent to 12 percent.

But they are also taking time to review their programs, looking for new strategies that may help them enhance growth for 1990 and beyond.

One buyer told *Drug Store News* that while his management is satisfied with ethnic's performance to date, they feel they have to adopt some new strategies with the category, both to prevent competition from eroding their share of sales and to enhance their own popularity with ethnic shoppers.

"We're aware that ethnic shoppers tend to spend more on toiletry and beauty care items than white shoppers do, and we want to do more to court their total business," this source said.

"Overall, we're doing okay with the category," said Charles Monk, Harco's H&BA/candy buyer, "but that's primarily because we're expanding it and we're advertising more to attract the business.

"We're also trying to make more of a statement with ethnic, to improve our pricing, our assortment and our selection so we can say to our customers, 'We're giving you a choice on the items you need,' Monk added. "Selection and assortment are very important to ethnic shoppers, and we want to have that so we can make a better showing."

In fact, sources say that when they do "court" African-American shoppers, they get much stronger growth in overall store sales, with sales increases in the double-digit range, compared to an average 5-percent increase for the industry as a whole.

Some of the growth is due to chains featuring an enhanced product mix focused on growth segments and growth brands, more creative advertising using a variety of media ranging from direct mail to radio, and increased use of in-store circulars featuring a vast assortment of cents-off coupons and other bonus values.

In fact, sources say that when they do "court" African-American shoppers, they get much stronger growth in overall store sales, with sales increases in the double-digit range, compared to an average 5-percent increase for the industry as a whole.

Product assortment

The chains with the strongest performance are also paying much more attention to their product assortment. Either the chain's own ethnic product buyers or their approved distributors are weeding out slow movers or flat categories and replacing them with new and trendier products in the growth segments.

For chains with strong ethnic programs, three of the hottest segments right now are relaxers, up on average between 10 percent and 30 percent in sales, depending on the chain and region; styling aids, up 10 percent to 25 percent on average; and hair color, up between 10 percent and 30 percent.

Shaving products are also showing growth, up 15 percent to 20 percent; skin care is up between 15 percent and 35 percent on average and hair accessories are up, 30 percent to 35 percent, sources say.

Sales for curl kits and curl maintenance items, on the other hand, are still down between 10 percent and 15 percent on average, especially in the South and Southwest where curl styles have shown the strongest endurance.

Many buyers for the chains that are showing growth report they have cut back on the declining categories like curl kits to give more space to the growth segments like relaxers, color and styling aids.

As a result these chains are getting better turns as well as better dollar growth.

Chains are satisfied with ethnic's performance but feel they have to adopt new strategies to beat out the competition and enhance their popularity with shoppers. Photo courtesy of *ESSENCE*

Ethnic hair care preparations sales

(In millions of dollars, by trade class)

Drug	$159.7	$168.4	5.4%
Food	67.0	64.7	(3.4)
Mass merchandise	35.4	34.1	(3.4)
Total	262.1	267.2	2.0

Source: Nielsen Market Research/American Health And Beauty Aids Institute

Ethnic hair care preparations unit sales

(Millions of units, by trade class)

Drug	42.2	44.2	4.9%
Food	19.7	19.1	(3.1)
Mass merchandise	10.5	10.3	(1.9)
Total	72.4	73.6	1.7

Source: Nielsen Market Research/American Health And Beauty Aids Institute

Chains finding aggressive ethnic plans pay off

Competition for the ethnic shopper is continuing to escalate this year as beauty and barber (B&B) shops continue to expand into new markets and better locations, and as mass merchandise stores and food chains step up their efforts to court African-American shoppers.

For drug chains that have already reacted to the challenge, sales are on the upswing.

Some chains such as Detroit-based **Perry Drug**, Virginia-based **Peoples**, Florida-based **Eckerd**, Alabama-based **Harco** and **Big B**, or California-based **Longs** have learned from their experiences with aggressive competitors that they have to be on the cutting edge when it comes to such critical areas as product assortment, merchandising and advertising.

The programs they have spent several years putting in place are now paying off with increasing sales and stronger profits.

Many ethnic customers have problems with dry hair, so there is a tendency to trust known brands as well as to buy maintenance products that add extra moisture to the hair.

More aggressive

At Peoples Drug, for example, Vicki Williams, cosmetics vp, reports that ethnic neighborhood stores are doing very well, reflecting the chain's recent decision to "get more aggressive" in this category.

Like Perry, Harco, Eckerd and many other drug chains facing intensified competition, Peoples has gotten much more competitive with its pricing and much more focused and efficient in promoting the category.

About a year ago, Peoples reorganized its planogram, electing to merchandise most of the category by family lines rather than product segments and they began weeding out slow turning, unproductive SKUs, thereby increasing turns and overall profitability with ethnic.

Mike O'Neil, ethnic buyer for the Atlanta division of **Harris Beauty Supply**, headquartered in Alexandria, Va., says that planograming by family makes it easier for customers to shop for hair care items. He also says it creates multiple sales, makes the department look more attractive and merchandising more efficient.

One major regional chain with stores in many ethnic markets just re-prioritized the ethnic category and their management is reporting double-digit growth.

They now have a four-foot ethnic set in at least 65 percent of their stores, and some stores have as much as 20 feet for ethnic.

This chain is now warehousing most ethnic products for their basic planograms and, according to their ethnic H&BA buyer, this has helped them improve their in-stock rate and grow sales.

Sales are on the upswing for drug chains that have already reacted to the challenge of increased competition for ethnic business.

In the South, where competition for ethnic customers is very tough and value a key sales incentive, chains like Eckerd, Harco, and Big B have zeroed in on their highest volume ethnic neighborhood stores, the stores that do 80 percent of their overall ethnic volume.

These chains use distributors who are expected to merchandise to the customer. The chains try hard to keep product assortments fresh and up-to-date, as one source put it, and they merchandise aggressively. Ethnic products on sale are usually merchandised as close to the front of the store as possible, on front ends or near the registers.

They price very competitively, especially on the more visible high-consumption items that shoppers buy very frequently.

At Harco Drug, headquartered in Tuscaloosa, Ala., Charles Monk, who oversees the ethnic category, says he has his distributor, **North American Beauty Supply**, track his competition's pricing on the top 25 fastest-selling items, and on these items, Harco always takes what Monk says is "the lowest retails" in the market.

Monk has been expanding space for ethnic products in his higher volume ethnic stores because he believes that his customers want a complete assortment when they shop a Harco drug store for hair care.

Promotions

Chains that have a number of stores clustered in neighborhoods with a high concentration of African-American shoppers will also do a variety of special promotions to reach their target customers.

In high volume ethnic stores, chains will often try to build traffic by doing live broadcasts with local disc jockeys from popular radio stations, or they will do some product sampling or even cosmetic makeovers.

These chains also do frequent mailings to neighborhood customers and they will do special features at major holidays like Easter, or for Black History Month and back-to-school periods.

They also try to do community service promotions tying in with local schools, churches, or charities.

At Peoples, Vicki Williams said their stores have done well by participating in the United Negro College Fund telethon on local television stations. Peoples' employees donate time by manning phones during the telethon plus the chain makes a donation.

Perry Drug has created a special art scholarship for local high school students and Scott Gorley, assistant vp for H&BAs and private label, reports that this has generated good will and driven sales.

Perry and Peoples also have coupon books that they distribute either by mail or right in the store. Peoples has also

Continued on page 12

Drug chain cosmeticians can merchandise ethnic hair care with cosmetics. Cosmeticians—both behind the register and mingling with the customers as shown here—can answer questions and provide an added level of service.

Many drug chains depend on distributors to help stores stay in stock on the fastest-turning ethnic products. Stores that regularly have high out-of-stock levels lose customers as well as sales.

Ethnic consumers are buying more styling aids than ever, buyers say. There are many new products on today's market, and they are designed to make hair styles more versatile.

Wigs and hairpieces are excellent additions to ethnic hair care planograms. Tickets are high, and most women also buy additional maintenance products to clean and style the wigs.

Ethnic sales are on upbeat for drug store chains

Continued from page 11

followed **K mart**'s lead and is now producing a coupon book that is good for six months rather than one or two.

Since most of the cost of a coupon book is in the print run, these companies simply do one large run instead of several small ones. "It's a better way of allocating resources," one source said.

In the past, Harco Drug has experimented with a variety of community service promotions, including awarding scholarships to students in local colleges and sponsoring sweepstake promotions that benefit local churches.

Although Monk feels the chain has generated goodwill with these promotions, he says he still hasn't found the formula that will really have a dramatic impact upon sales. This year, he and North American Beauty Supply are trying to find a program that they can take chainwide.

Public service

In the mass merchandise and food store industry, there is also interest in promotions with a public service twist.

K mart, for example, is continuing to sponsor its "Send A Kid To Camp" promotion, and this year it extended it from March through June. The extension gives K mart more time to raise money so more kids can be sent to camp, plus it gives the chain a three-month-long promotional vehicle.

K mart is also scheduling its ethnic ads much more closely, breaking a new ad just a day or two after the old one ends, instead of waiting two or three weeks between ads as they have in the past.

In the food store industry, **Safeway** did a "Say No To Drugs" campaign recently in some of its ethnic stores. It promoted it with flyers, banners, signs, and full-page ads in leading market newspapers.

Many drug chains are also paying more attention to salons and watching out for those new maintenance items—like a relaxer with volume or body enhancements, or a conditioning gel—that will appeal to users who adopt a specific style.

Some **Drug Emporium** stores in Atlanta, for example, have added a new nail color line to their mix. The line is called Theon and it's been in distribution in beauty and barber shops for some years now. One source said Drug Emporium brought in the line because of customer requests. He described it as "bright, vibrant colors. . .with the appeal of having limited distribution."

Many chain buyers use distributors to help them manage their ethnic departments. Sources like Charles Monk and Scott Gorley told *Drug Store News* that distributors, as specialists, know the category and fashion trends better than the average drug store buyer who doesn't have enough time to stay on top of style and fashion changes or regional preferences.

"We expect them to react to category changes and to keep us informed. Generally we consult with them every six to eight weeks to see where and what we should cut back and what we should add," said Monk.

Monk also pointed out that distributors who rack job stores can save drug stores lost sales by making sure they are always in stock on the hottest selling items.

"We have a lot of part-time people and it's hard for them to stay on top of what's selling. Also sometimes an item will do well in Tuscaloosa, but not in Birmingham, so we just feel we're better off with a paid service."

Monk said that years ago Harco did warehouse ethnic products, but gave it up because they were constantly out of stock on the items that were selling well, plus they were missing hot new products as they came along.

Distributor autonomy

Some chains give their distributors the autonomy to add potentially hot new items to the mix or to delete stale items as they think best. Others reserve the right to make such changes from headquarters, but their reaction times can vary from 6 to 8 weeks to 6 months or more, depending on how flexible they are in updating planograms.

If chains take too long to react, of course, they miss their chance to capture sales from new item at a time when they are at their strongest, the early stages of their launch when they are heavily supported by manufacturers with print or radio ads.

To avoid this, some chains such as Perry, Eckerd and Peoples will let their distributors put in new items whenever they feel such additions make sense.

A decentralized chain like Longs will also give store managers the right to add or delete as they think best, and this approach, one source told us, lets individual stores merchandise to the customers. When enough customers ask for something or when a distributor recommends something, "we try to stock it," he said.

Other chains, such as **Sav-on**, leave some flex space in their planogram so buyers can take a chance on a new item, stocking it on a trial basis to see how well it will sell.

SALES GUNS
FOR HIRE!

Successful Midwestern Sales Agency offers retail sales coverage and full retail service to manufacturers of consumer products who wish to penetrate the Drug Chain, Mass Merchandise and Supermarket Trade Classes. Our Agency has a demonstrable record of sales achievement in H&BA, Cosmetics, OTC Pharmaceuticals and General Merchandise for numerous "Blue Chip" manufacturers. For information and an Agency Profile, please call: Gary Burns 708/699-0535

Burns & Associates, Inc.
Manufacturer Representatives
1111 East Touhy Avenue
Suite 450
Des Plaines, IL 60018

For better profits
stock up on May 2 w/10 Deal
HERPECIN-L®
Cold Sore Lip Balm. "It Works!"
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Ethnic brands & segments' outlook bright

This year, ethnic hair color is doing exceptionally well, up about 10 percent, according to many buyers and ethnic distributors.

Several buyers said Dark & Lovely was "growing and growing" as it achieves broader distribution. Dark & Lovely's Reviving Colors line was also singled out for above-average growth. In some chains sales of Revlon's Creme of Nature hair color were said to be good, but in some regions buyers reported it was just doing OK.

Luster is still doing very well with its Pink Oil Moisturizer. One source said the movement was "unbelievable." Its S Curl line is also said to be showing very strong growth.

PCJ, which is a press-and-comb preparation in a jar, is doing well. One buyer said he thinks its growth comes from positioning. He said as far as he knows it is the only value-priced mild relaxer targeted at mothers who can use it on their daughters' hair. It sells for about $3 less than the premium-priced mild relaxers.

Another value-priced line, Supreme's Raveen, recently went up about 25 percent in price, but most sources said it hasn't hurt Raveen's sales. The line is continuing to sell well in its category. So is Raveen's Duke relaxer for men.

There are also some relaxer kits now out that are formulated to add volume or body to the hair as they relax it, and several sources said these either look promising or are starting off strong. Pro Line's Soft & Beautiful Volume Plus and Carson's Excelle and Excelle Plus were singled out as looking good.

Right now no-lye relaxers without sodium are selling better than sodium relaxers, most sources said. But sodium relaxers still have a core of loyal users because the formulation is stronger and can be more effective with medium or course hair. Now Revlon is launching a value-priced sodium line under its Creme of Nature label, and most buyers think this will also do well this coming year.

Johnson's premium-priced conditioning relaxer Gentle Treatment, Carson's Dark & Lovely relaxer kits, Pro Line's Soft & Beautiful kits, and Revlon's relaxer kits are currently the best-selling brands in the relaxer category, sources said.

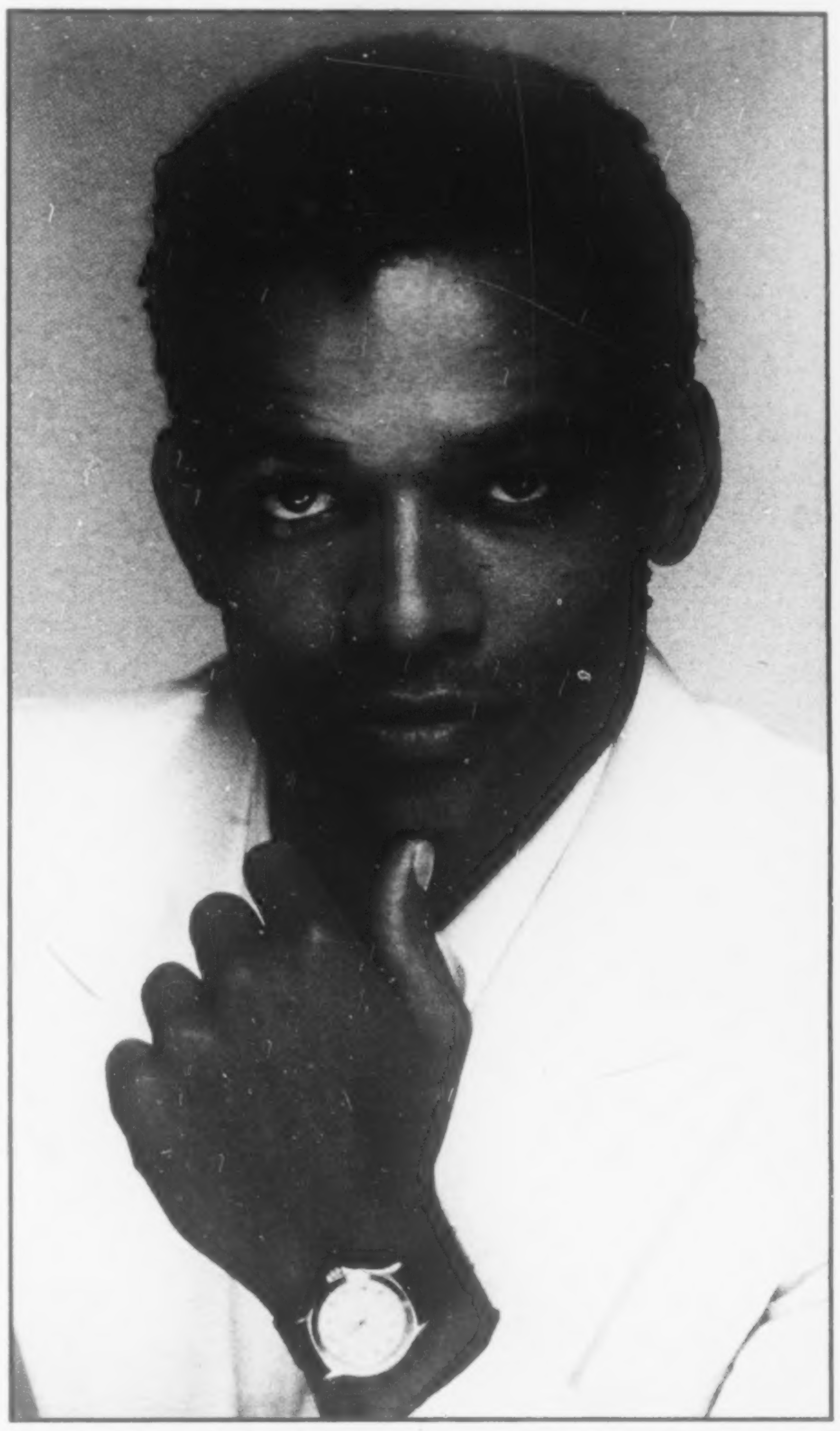
Buyers also reported that Soft Sheen's now almost one-year-old Optimum Care line is still doing well, with some sources saying it was doing "phenomenally well," especially the shampoo.

Top 20 best-selling ethnic hair care products by unit sales

(First quarter 1990)

1. **Let's Jam Conditioner/Styling Gel, 4 oz.**
2. **Luster Oil Moisturizer, 8 oz.**
3. **Magic Shaving Powder Gold, 4.5 oz.**
4. **Right On Curl Activator-Bottle, 8 oz.**
5. **Magic Shaving Powder Blue, 5 oz.**
6. **Dark & Lovely Creme Relaxer-Plus**
7. **Dark & Lovely Creme Relaxer**
8. **Care Free Curl Moisturizer, 8 oz.**
9. **Murray's Superior Hair Pomade, 3 oz.**
10. **Summit Pre Con Gel, 4 oz.**
11. **Ampro Protein & Styling gel, 4 oz.**
12. **Blue Magic Conditioner Hair Dress, 12 oz.**
13. **Right On Instant Moisturizer, 8 oz.**
14. **TCB Hair & Scalp Conditioner, 8 oz.**
15. **Blue Magic Bergamot Hair & Scalp Conditioner, 12 oz.**
16. **Care Free Curl Moisturizer, 16 oz.**
17. **Magic Shaving Powder Red, 5 oz.**
18. **S Curl Activator, 8 oz.**
19. **Pro-Line Perm Repair, 8 oz.**
20. **Ultra Sheen Conditioner Regular, 2 oz.**

Source: Standard Distributing Co., Detroit.



Men are wearing their hair short. This trend has helped sales of styling products, including a come-back for pomades. Photo courtesy of *ESSENCE*

Drug store buyers agree that style trends drive sales in the ethnic hair care category. Today's look is sleek, relaxed, and varied. Photo courtesy of *ESSENCE*

Jim Normandin, who buys ethnic products for **Beauty Enterprises**, estimated his ethnic shampoo sales were up about 10 percent, almost entirely due to the Optimum shampoo. "At $4.25 for 16 ounces, it's the first real value in ethnic shampoos," he said.

Dark & Lovely is extending its maintenance line with a new oil moisturizer, hair spray, and holding spray that is expected to sell well.

Many sources also said that oil moisturizers in general are doing especially well this year. The growth is probably due to the fact that oil moisturizers are a very versatile styling aid. Buyers said they can be used with all kinds of hair styles, from relaxed through curled hair.

Summit Labs' Pre Con styling gel is doing very well. Summit's Liv conditioners and Mend hair reparative were also performing well, and a new item, Penetrator 37, looks promising.

Most sources said hair foods, meaning products that nourish the hair, is a good, solid niche category with steady, consistent sales, mostly to older consumers. However, Chuck Lewman at **Paul's Sundries** thinks the upcoming launch of some new "liquid" hair foods might open the category up to younger consumers, who may have been reluctant to try the solid hair foods their parents were using.

Scientific Research's Le Kair line has a new liquid food that Lewman thinks could do well, and Keystone may also be soon bringing out a similar "bridge" food under its Long Aid brand.

Across the country, the Always Natural line of conditioning products, made from all-natural ingredients, are continuing to do very well. Super Gro and 9-11 were frequently mentioned as being exceptionally strong sellers. A number of buyers also singled out J&M's Isoplus as also selling exceptionally well.

Many blacks have problems with dry hair or with hair that breaks easily because of ironing, blow drying, or chemical processing. That has helped sales of moisturizing/conditioning products, and several sources reported that Lustrasilk's MoistureMax line, in particular, has been doing very well.

Several suppliers—including Georgia-based **Ben Sheftal Distributors,** California-based Paul's Sundries, and Baltimore-based **North American Beauty Supply**—also report strong sales of Vigorol and Ampro styling gels.

Chuck Lewman of Paul's Sundries says his strongest growth is coming from what he calls "basic" styling aids good for all hair types, like the Pre Con and Ampro gels. Let's Jam, which is aimed at the younger consumer, is "flying" out of his warehouses, and he thinks Soft Sheen's new Sporting Waves High Five gel and sheen spray (which is just shipping), aimed at young black men, is also going to do very well.

Pearlman at North American also report similar success with Let's Jam. Larry Pata, sales manager at **Standard Drug,** called it "fantastic."

Pata thinks that the newest styling line from Dowbrands, New Era—which consists of a moisturizing cream, a finishing spritz, and an oil sheen spray—will also do well. Expectations are also high for the latest Worlds of Curls styling/ maintenance line, Bodi.

Out in the Midwest, Lou Orenstein, president of **Judith Lynn Distributors,** said that spritzes and gels are doing terrific, particularly Pro Line's Finishing Lotion and Soft Sheen's Finishing Lotion.

"Customers like these products because they're not as stiff or as hard on the hair as some of the mass-

Continued on page 16

Ethnic shoppers will spend $3 billion on toiletries this year

	1982	1987	1988	1989*	1990*
Dollars spent (billions)	$1.7	$2.7	$2.8	$2.9	$3.0

*—Projected

Source: American Health And Beauty Aids Institute (Business Trends Analysis)

Buyers optimistic about many ethnic brands

Continued from page 14

market products. They hold well, but they also leave the hair softer. Sales are also strong for the Alberto Culver TCB line.

In skin care, Richard Eichholz, president of Ben Sheftall Distributors, says Ambi's sales have been especially strong, sparked by advertising and a growing base of brand-loyal customers.

At Beauty Enterprises in Hartford, Conn., buyer Jim Normandin said ethnic skin care sales are up about 35 percent.

Standard Drug's Pata said that in skin care, products with cocoa butter are still very popular, including Palmer's Cocoa Butter and Woltra's Stick Cocoa Buter. The Dr. Fred Palmer skin bleachers and whiteners are also doing well at Standard. So is Chatham Labs' Nadinola skin cream.

Some cosmetics lines show growth

Cosmetics is holding its own. It's not growing dramatically, but some segments are showing growth.

Posner continues to be the strongest ethnic line. It dropped its nail care line, which was its weakest line, and repackaged its best sellers in face, lip and eye.

One source said the new packaging looks great and is also more compact and space efficient. He estimated that stores should be able to get one facing of the entire assortment in two or two-and-a-half feet.

At **Drug Emporium** headquartered in Atlanta, the Zuri line also does well in some stores. Buyer Kathy Covault said the popularity of her ethnic cosmetics lines varies by neighborhood. In some stores, Zuri is the best-selling line. In others, it's Posner.

Sales in the men's market have been given a nice, strong jolt by the increasing popularity of the stacked or high-top look. Most buyers reported that this look is now popular with boys and young men nationwide, and to maintain it, consumers need at least two or three maintenance products, usually a relaxer for the top and pomades for the sides.

In many high-traffic ethnic neighborhood stores, mass market products are mixed in with ethnic brands in one planogram: all color together, for example, to make shopping easier for consumers.

Soft Sheen's new launch of Sporting Wave High Five Moist Gel and Sheen Spray is packaged to appeal to users of this and other currently popular styles, and buyers are betting it's going to do well.

In the pomade category, where some buyers are seeing a resurgence of growth, Murray's is still number one, Standard Drug reports. Other men's lines doing well: Dax Wave and Grow, Soft Sheen's Sporting Wave, and Posner's Easy Wave.

In shaving products, buyers said Magic Shave Gold, Royal Crown cream shave, Magic's cream shave, and Palmer's No Blade are doing well.

The competition intensifies for the ethnic dollar

BEAUTY BEAT

ELIZABETH PARKS

Most buyers said 1989 and the first half of 1990 have been marked by increasing competition from mass market discount chains, food chains, and beauty and barber (B&B) supply stores for the ethnic consumer's toiletry business.

Buyer said the competition from chains like **Wal-Mart, K mart, Drug Emporium,** and **F&M** was intensifying, and noted that B&B shops continue to proliferate, especially in urban areas.

In Oklahoma, Kent Humphreys, president of **Jack's Service Co.**, a distributor, said he is seeing a continuing shift of ethnic sales away from drug stores and into mass merchandise and B&B stores—because they are "less structured than drug and food chains, and therefore more responsive to shifts in consumer purchase preferences."

B&Bs especially dangerous

The independently-owned B&B shops are especially dangerous as competitors. At the **American Health and Beauty Aids Institute,** executive director Geri Duncan Jones estimated that company's year-to-date sales of ethnic products are up between 30 percent and 40 percent versus last year.

Because of B&B's relatively low overhead as family-owned businesses, they can price much lower than most drug chains. B&B's offers service, and is way out on the cutting edge when it comes to stocking the latest items and offering the fullest assortments.

Until now, B&B stores have been the most visible in urban markets like Detroit, Chicago, Newark, and New York, but now they are moving into new markets such as Los Angeles and Oakland.

The West Coast is also just starting to feel the impact of deep discounters such as **Drug Emporium.**

Soon, too, Wal-Mart will begin opening stores in the California region. Some buyers are gearing up to expect the worst, anticipating intensified competition across a variety of H&BA and cosmetics categories, including ethnic.

As Humphreys said, it is really harder for highly structured organizations such as drug and food chains to compete with the larger mass merchandise chains as well as the more flexible deep discounters and B&B retailers.

Unless a drug store has a cosmetician trained in ethnic products, it's hard for it to provide service, and if an ethnic department is strictly planogramed, it is also hard for drug chains to react quickly to hot new products.

Many use distributors, said a source who manages toiletries for a major drug chain, because they "know the professional side of the business better than we do and they can spot potentially hot new items faster and move faster to get them into the stores."

Charles Monk, ethnic buyer for **Harco Drug,** pointed out that distributors base orders on what sells by region, and they maintain the category at store level, making sure individual stores stock the in-demand products. "We feel we're better off with a paid service," he says.

For the drug chains that are responding to customer needs for assortment, selection, competitive pricing, and stronger merchandising, growth has materialized in spite of the difficulties.

"The B&B stores are really growing," says AHBAI's Jones, "and unless chains look out, the B&Bs are going to be getting more and more sales. If the product selection isn't there, consumers won't shop that store. Price alone can't do it."

Many food chains and their wholesalers are also trying to capture more ethnic sales.

Kroger, Safeway, Alpha Beta, Vons, and **Ralphs** are among chains expanding their ethnic product assortments, as are grocery wholesalers and cooperatives like **Certified Grocers.**

Some drug wholesalers are also doing the same.

Keeping in stock

This year, several distributors have worked out programs with both food and drug wholesalers designed to keep them, and their chain and independent customers, in stock on the fastest-moving ethnic items.

The programs are similar to those that ethnic suppliers participated in with drug chains, except they don't usually involve rack jobbing.

The distributors recommend the brands and lines for wholesalers to carry, just as they do for many drug chains. They then ship the products into the wholesaler's warehouse, helping to round out that wholesaler's product mix with the items that sell the fastest in ethnic toiletries.

Partly as a result of such collaborations, many food chains now devote more space to ethnic products, expanding their product mixes, updating and strengthening their product selections, and advertising select products more frequently at competitive prices.

DrSN *Council of Cosmetic and Fragrance Advisors*

Retailers	
Denise Boyer	Longs Drug
Kathy Covault	Drug Emporium
Beth Dugan	Rite Aid
Jan Evans	Perry
Stephanie Hayter	Genovese
Steve Lubin	Walgreens
John Mirmelstein	Revco D.S.
Mike Russell	Hook-SupeRx
Elaine Sartini	American Stores
Vicki Williams	Peoples
Manufacturers	
Jerry Abernathy	Coty
Gary Balkema	Shulton
Roy Benjamin	Cosmair
Paul J. Block	Revlon
John Byers	Maybelline
Marcia A. Levia	Almay
William McMenemy	Del Labs
Joseph Monteleone	Chesebrough-Ponds
Herm Schnitz	Max Factor
Arthur Schwalb	New Products Report
John Small	Quintessence

Quarterly earnings up at SDM, Peoples

MONTREAL — Shoppers Drug Mart and Peoples Drug Stores, the Canadian and U.S. components, respectively, of Imasco Ltd.'s Drug Retailing Group, posted increased operating earnings for the first quarter, which ended March 31.

At Shoppers Drug Mart, first-quarter operating earnings rose 19 percent, to $16.8 million (Canadian) from $14.1 million in the year-earlier period. Peoples' operating earnings for the first quarter were $3.3 million (U.S.), versus $2.1 million in the comparable quarter last year.

Commenting on the results, Purdy Crawford, Imasco's chairman, president, and ceo, said SDM's first-quarter results "are significantly ahead of the prior year," and that Peoples' earnings "are continuing to recover."

Imasco Ltd. reported increases in sales, revenues, and earnings for the quarter and declared a quarterly dividend of 32 cents on its common shares.

Imasco's net earnings for the three months were $66.6 million (Canadian), up 23 percent from the $54.1 million reported for the year-earlier quarter.

First-quarter systemwide sales of consumer products and services in the company's tobacco, restaurant, drug store, retail, and financial services business in Canada and the United States rose 14 percent, to $3.7 billion (Canadian) from $3.3 billion last year. Revenues for the three months were $1.4 billion, a 15 percent gain over the year-earlier $1.2 billion.

Imasco's operating earnings for the quarter were $137.3 million, compared with $125.7 million in the comparable period last year.

"The principal thrust of our current business plan," Crawford said, "is to get more from the assets we have, and this is being achieved."

He added, "The first-quarter results are very encouraging. Each operating company has improved its performance over last year, and we are satisfied that Imasco is on course for another year of earnings growth in 1990."

Medicine Shoppe's net earnings up 23% in qtr.

ST. LOUIS — Medicine Shoppe International posted a 23 percent increase in net earnings and a 24 percent rise in earnings per share for the second quarter, which ended March 31.

Second-quarter net earnings were $2.1 million, compared with $1.7 million for the period last year. Retail store sales reported by franchised pharmacies were up 19 percent, to $127.8 million for the quarter. Comparable-store sales increased 13 percent.

MSI's revenues rose 15 percent for the quarter, to $8.2 million from $7.1 million, and 16 percent for the six months, to $16.4 million from $14.2 million.

Drug Emporium ends fiscal year with $8.2 million in net income

COLUMBUS, Ohio — Drug Emporium reported net income of $8.2 million on sales of $492 million for the fiscal year ended Feb. 28, up from net income of $7.98 million on sales of $407 million last year.

The deep-discount chain also declared a cash dividend of 5 cents per share. The board of directors authorized the repurchase of up to 120,000 shares of the company's common stock, in addition to a 130,000-share repurchase previously authorized.

Fourth-quarter net sales increased 22 percent, to $137 million from $113 million a year ago.

Net income was $2.7 million, or 21 cents a share.

MARKET DIARY:

Largest Dollar Gainer	Warner-Lambert	$ 8.38	Advances	38
Largest Dollar Loser	Medicine Shoppe	$ – 4.50	Declines	13
Largest Percentage Gainer	Kroger	17.89%	Unchanged	5
Largest Percentage Loser	Zenith Labs	–19.05%	New highs	10
			New lows	2

	Close 5/1/90	Close 5/15/90	Net Change	Percent Change
Drug Store News Index	2792.98	2889.95	96.97	3.47
Dow Jones Industrial Average	2668.92	2822.45	153.53	5.75
Standard & Poor's 500-Stock Index	332.25	354.28	22.03	6.63
N.Y.S.E. Composite	182.22	193.31	11.09	6.09
Value Line Index	232.89	242.54	9.65	4.14

Source: Nordby International Inc., Boulder, Colo.

Exch	Company	Ticker Symbol	Closing Price 5/1/90	Closing Price 5/15/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	18.00	19.75	1.75	9.72	18	0.16	0.81	24.75	14.75
OTC	Big B	BIGB	10.75	11.38	0.63	5.81	23	0.16	1.41	15.25	10.50
OTC	Drug Emporium	DEMP	6.88	7.38	0.50	7.27	12	0.20	2.71	16.38	6.25
NYS	Fay's Inc.	FAY	8.00	8.38	0.38	4.69	12	0.20	2.39	15.00	7.75
ASE	Genovese Drug	GDX.A	8.25	7.88	–0.38	– 4.55	19	0.24	3.05	12.50	7.50
OTC	Leroy Pharmacies	LERY	4.88	4.88	0.00	0.00	– 81	0.00	0.00	5.75	2.88
NYS	Longs Drug Stores	LDG	37.38	40.38	3.00	8.03	13	0.96	2.38	48.50	36.75
OTC	Medicine Shoppe	MSII	25.75	21.25	–4.50	–17.48	21	0.16	0.75	26.38	17.50
NYS	Perry Drug	PDS	7.75	7.88	0.13	1.61	14	0.00	0.00	12.88	7.00
NYS	Rite Aid Corp.	RAD	32.88	34.25	1.38	4.18	17	0.88	2.57	41.13	29.50
NYS	Walgreen Co.	WAG	42.63	43.88	1.25	2.93	17	0.80	1.82	50.25	38.88
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	25.00	26.25	1.25	5.00	15	0.40	1.52	27.25	20.50
OTC	Bindley Western Ind. (H)	BIND	11.88	12.00	0.13	1.05	20	0.00	0.00	12.75	7.88
OTC	Cardinal Distribution	CDIC	22.00	23.75	1.75	7.95	18	0.08	0.34	25.00	16.25
OTC	Durr-Fillauer	DUFM	22.38	21.25	–1.13	– 5.03	14	0.28	1.32	25.88	18.50
ASE	Ketchum	KCH	2.13	2.00	–0.13	– 5.88	– 1	0.00	0.00	7.13	1.63
NYS	McKesson Corp.	MCK	32.63	34.25	1.63	4.98	15	1.60	4.67	39.75	31.75
ASE	Moore Medical	MMD	6.00	6.13	0.13	2.08	– 9	0.00	0.00	15.13	6.00
NYS	Owens & Minor (H)	OMI	11.88	12.63	0.75	6.32	34	0.24	1.90	13.38	10.63
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	67.63	71.13	3.50	5.18	18	1.68	2.36	71.50	55.25
NYS	American Home Products (L)	AHP	48.88	52.00	3.13	6.39	14	2.12	4.08	55.13	45.88
NYS	Baxter International	BAX	20.88	22.88	2.00	9.58	– 53	0.64	2.80	26.25	20.50
OTC	Block Drugs Co.	BLOCA	34.75	34.75	0.00	0.00	13	0.68	1.96	38.00	33.00
ASE	Bolar Pharmaceutical	BLR	8.63	7.63	–1.00	–11.59	21	0.16	2.10	32.25	3.50
NYS	Bristol-Myers Squibb (H)	BMY	56.25	59.25	3.00	5.33	38	2.12	3.58	60.50	46.38
NYS	Carter-Wallace	CAR	50.88	48.63	–2.25	– 4.42	15	0.80	1.65	60.50	44.63
ASE	Columbia Labs	COB	11.00	10.88	–0.13	– 1.14	– 11	0.00	0.00	19.63	6.25
ASE	Forest Labs	FRX	37.50	39.50	2.00	5.33	27	0.00	0.00	44.50	29.25
NYS	ICN Pharmaceutical (L)	ICN	3.25	3.00	–0.25	– 7.69	0	0.00	0.00	6.88	3.00
ASE	Lee Pharmaceutical	LPH	1.63	1.63	0.00	0.00	– 7	0.00	0.00	4.38	1.50
ASE	Leiner P. Nutrition	PLI	9.75	10.00	0.25	2.56	16	0.00	0.00	14.25	8.75
NYS	Lilly Eli Co. (H)	LLY	66.88	71.75	4.88	7.29	21	1.64	2.29	73.38	53.00
NYS	Marion Labs	MKC	25.00	24.00	–1.00	– 4.00	83	0.60	2.50	36.63	21.00
NYS	Merck Co.	MRK	73.25	78.25	5.00	6.83	20	1.80	2.30	80.75	66.00
NYS	Mylan Labs	MYL	21.50	22.75	1.25	5.81	32	0.20	0.88	25.38	9.38
NYS	Par Pharmaceutical	PRX	6.38	5.63	–0.75	–11.76	281	0.00	0.00	11.25	3.88
NYS	Pfizer Inc.	PFE	56.75	60.00	3.25	5.73	15	2.40	4.00	75.75	54.50
NYS	Rorer Group (H)	ROR	69.75	66.88	–2.88	– 4.12	31	0.84	1.26	70.00	36.13
NYS	Schering Plough (H)	SGP	82.63	87.75	5.13	6.20	20	2.24	2.55	88.25	63.38
NYS	Syntex Corp.	SYN	50.25	53.75	3.50	6.97	20	1.60	2.98	54.50	40.00
OTC	Taro-Vit Industries	TAROF	0.88	0.88	0.00	0.00	– 29	0.00	0.00	1.88	0.88
NYS	Upjohn Co.	UPJ	36.38	38.75	2.38	6.53	23	1.00	2.58	42.13	29.38
NYS	Warner-Lambert	WLA	105.38	113.75	8.38	7.95	18	3.04	2.67	118.75	86.50
OTC	Zenith Labs	ZENL	5.25	4.25	–1.00	–19.05	– 1	0.00	0.00	14.00	3.50
Other retailer transactions											
NYS	Albertson's (H)	ABS	57.88	61.00	3.13	5.40	21	0.96	1.57	63.00	44.75
NYS	American Stores	ASC	62.63	64.88	2.25	3.59	19	1.12	1.73	72.50	51.38
NYS	Giant Food	GFS.A	27.00	29.13	2.13	7.87	16	0.60	2.06	36.25	24.13
NYS	Great Atlantic&Pacific Tea	GAP	52.75	59.50	6.75	12.80	0	0.00	0.00	65.38	48.25
NYS	K mart	KM	32.63	33.88	1.25	3.83	21	1.72	5.08	44.88	32.13
NYS	Kroger	KR	11.88	14.00	2.13	17.89	–156	0.00	0.00	19.75	11.75
NYS	Melville Corp.	MES	46.50	48.75	2.25	4.84	14	1.40	2.87	53.63	41.13
OTC	Fred Meyer	MEYR	13.50	13.50	0.00	0.00	– 48	0.00	0.00	23.00	13.00
NYS	Penney, JC	JCP	63.63	65.25	1.63	2.55	10	2.64	4.05	75.63	54.88
NYS	Safeway	SWY	12.38	12.13	–0.25	– 2.02	243	0.00	0.00	12.88	11.63
NYS	Smith's Food & Drug (H)	SFD	28.00	30.50	2.50	8.93	25	0.28	0.92	31.00	20.50
NYS	Wal-Mart (H)	WMT	50.25	53.50	3.25	6.47	27	0.28	0.52	55.13	37.00

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (23 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Foreign subscriptions: airmail only $125 per year.

Second-class postage paid at New York, N.Y. and additional mailing offices. Copyright © 1990 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks notice to Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 12, No. 10 May 28, 1990

* 02153 ******** 5-DIGIT 20814
0124457 DR JUN90
ATTN: SRI
KURT MILLS CONGRESSL INFO S
4520 E W HWY
BETHESDA MD 20814

CS150- 2

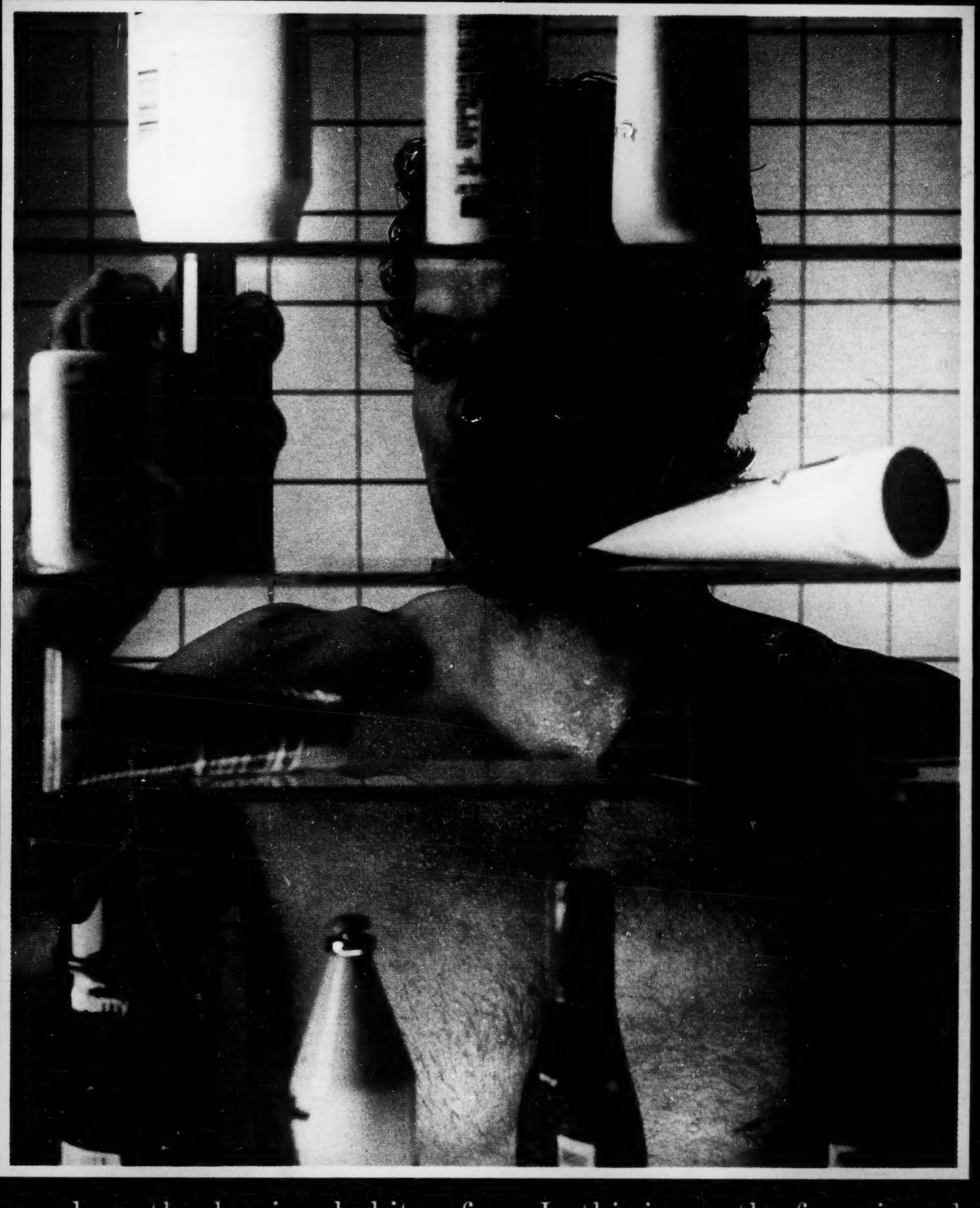
DRUG STORE NEWS®

SECOND CLASS

Vol. 12/No. 11 **Our 62nd year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. June 11, 1990

GALLUP '90 CONSUMER STUDY

Rewards await chains that court male shoppers



As the chain drug industry matures, the pressure to generate "real" sales growth intensifies.

Many drug chains are reacting to the challenge by putting more time and energy into creating sophisticated marketing campaigns that are aimed directly at target shoppers, such as teens or young mothers.

The male consumer, of course, is also a natural candidate for target marketing, but many buyers feel there hasn't been enough research focused on the buying habits of male shoppers for many chain drug stores to know just how to court this shopper.

That, of course, is one of the main reasons *Drug Store News* thought it was important to include male shoppers in its third annual Gallup survey of consumer shopping preferences.

In addition to interviewing over 500 women to determine their shopping preferences for selected grooming aids, Gallup also interviewed a total of 510 men for this year's study. Gallup specifically explored the average male's shopping preferences in several key categories: shaving implements, shaving creams and lotions, aftershave and colognes, hair coloring, hair thickening, hair styling products, and skin care.

It did the same type of analysis on women shoppers to determine usage and buying preferences in the hair styling, facial moisturizers, and bath and shower products categories. *Drug Store News'* report on women's purchasing habits will appear in the next issue of *Drug Store News*, June 18.

The Gallup survey found that, contrary to popular belief, most men buy their own grooming aids; and just like women, convenience is a major factor in determining where they'll shop.

In this issue, the focus is on how men shop for grooming aids. In addition to finding out how many men actually use these products, how often they use them, and which brands they most often prefer, *Drug Store News* wanted to find out whether men actually do their own purchasing of these products, and where they prefer to shop for them.

"We found that contrary to popular expectations, most male shoppers do buy their own grooming aids; and like female shoppers, many make their purchases in drug stores. Also, like female shoppers who shop in drug stores, men say "convenience" is one of the main

Continued on page 37

NEWS IN BRIEF

NACDS names key officials

ALEXANDRIA, Va. — After naming Richard Eils, president of Thrifty Corp., to be NACDS chairman for this year, the board of directors elected two other prominent industry executives to top-level posts.

Philip Beekman, chairman and ceo of Hook-SupeRx, Inc., is vice chairman, succeeding Eils. Harvey Rosenthal, president of CVS, is treasurer, succeeding Beekman.

Eils, an NACDS board member since 1986, succeeds Gerald Heller, president of May's Drug Stores, in the trade group post. Beekman has been on the NACDS board since 1987, and Rosenthal has served on the board since 1986.

In addition, NACDS has elected David Eisenberg, president of Peoples Drug Stores to its board. Jack Futterman, chairman of Supermarkets General, and Henry A. Panasci, Jr., chairman of Fay's, joined the executive committee.

NACDS president Ronald Ziegler also announced the appointment of Christopher Gallagher to the post of senior vp-administration and communications. Gallagher has served as director of meetings administration since 1986.

Revco expo helps draw 200,000

CLEVELAND — The Revco Health and Beauty Expo, at the Cleveland Convention Center, was part of a mammoth three-day event in May sponsored by the drug chain, which has built up mounds of goodwill through such fitness-oriented affairs.

The Expo ran the same weekend as the Revco-Cleveland Marathon and 10K races, and Criterium Bike Races, which have developed a following since the late-1980s. In all, over 200,000 consumers attended.

More than 150 Revco vendors exhibited at the Expo, where free health screenings were offered by Cleveland MetroHealth Medical Center. Celebrities included Corbin Bensen, Mary Lou Retton, Jim Palmer, Suzanne Somers and Bob Griese.

K mart revving up pharmacy

TROY, Mich.— At its recent stockholders meeting, K mart chairman and chief executive Joseph Antonini detailed the company's accelerated, $2.3 billion expansion and modernization program, which has been set with the goal in mind to "develop a brand new chain of 2,500 full-size K mart stores by 1995 in the U.S."

K mart, he said, will enlarge, refixture and remerchandise 620 existing stores, build 280 new units to replace older, smaller units, and totally refurbish the remain 1,260 stores "to make them the equal of our newest prototype store." Antonini also noted that consumer acceptance of the chain's new prototype has been "very rewarding."

K mart's new format features a prominent pharmacy at the front end, with expanded selection of health and beauty aids and related drug store merchandise in a modern setting. Those features will play a big role in new and enlarged K mart stores, the company has indicated.

O&M names Dozier cfo

RICHMOND, Va. — Owens & Minor, Inc. has named Glenn J. Dozier its new vice president-chief financial officer, the company announced.

Dozier comes to O&M from AMF Bowling, Inc., where he had been cfo and vp of administration and control. He received a B.S. from Virginia Tech in 1972 and an M.B.A. from the Colgate Darden School of Business at the University of Virginia in 1975.

IN THIS ISSUE

Beauty Trends

Beauty Beat 60
Category in Motion..58, 59, 63

Trends

High grades, new formats spin videotape profits 65

Pharmacy

Officials commend Sen. Pryor's PAPPA.................75
Ariz. passes Rx mail-order restriction bill 75
Cohen's Capsules 75

Departments

Opinion

In the Market 6
Washington Perspective ..6
Midwest Report 10
SAMI 18
People in the News 30
Store Manager Training....34
Product Updates 69
Finance 86

Invigorated K&B planning Alabama expansion thrust

By Susan Ball

NEW ORLEANS — Like a dormant plant after a long dry spell, K&B Drugs is putting out new shoots; a survivor in a depressed oil economy where less hardy businesses have withered.

Since the mid-eighties, K&B has opened only one or two stores a year, but has already opened four stores this fiscal year and plans to unwrap at least four more before the end of 1990. The thrust will be in the Montgomery, Ala., market, where K&B expects to have six stores by year's end.

Moreover, the 85-year-old company will start rolling out a new POS credit card system from Stratus this month to its 155 stores.

And it's looking to start automating its merchandising and distribution systems later this year.

New ad emphasis

In addition, K&B has shifted from a heavy ROP newspaper advertising emphasis to a circular program, significantly increased TV exposure and fewer print ads.

The chain will also extend planogramming efforts to more core departments, in addition to current planogramming of cosmetics and H&BA, and is relocating and expanding some departments, as well as modifying adjacencies. Lance Clark, who joined K&B this year as vp-marketing, said that some realignment of buying departments and more specialization of buying functions are also planned. In addition, endcaps and wings are getting more systemized attention, in-store signage has been streamlined and aisles have been cleared of things like floor displays, for a cleaner look, he added.

President James LeBlanc credits K&B chairman Sydney Besthoff III's foresight as pivotal in seeing K&B through some lean years. "He saw the dark clouds looming on the horizon, and in 1984, K&B turned off the [expansion] valve. We didn't want to open stores not knowing what would happen."

Facing a falling economy, the company changed its strategy "180 degrees," cutting costs wherever possible, increasing its part-time staff,

Continued on page 84

K&B
Drugs
OPEN 24 HRS.

K&B's first 24-hour store, located at the corner of Gentilly Boulevard and Elysian Fields Avenue in New Orleans, is the chain's top-volume store as well as being No. 1 in sales of K&B's locally famous ice cream.

K&B's retrofitted store at Claiborne and Jefferson avenues features new location for cosmetics and toiletries on a front corner. The promotional-seasonal aisle also moved up front.

American to divest Alpha Beta

By James Frederick

SALT LAKE CITY — Ending a protracted and costly legal dispute, American Stores has agreed to divest its Alpha Beta Company division. The agreement follows an unsuccessful, two-year effort by American to merge Alpha Beta with Lucky Stores, which American purchased in June 1988.

American announced in mid-May that it will sell 152 of its 175 Alpha Beta stores and nine Lucky stores in southern California over the next five years to settle an antitrust action brought by state attorney general John Van de Kamp. Van de Kamp, who is currently running for governor, had repeatedly opposed the merger of the two supermarket chains on the grounds that it would lead to higher food prices for southern California consumers.

The case went all the way to the U.S. Supreme Court, which in late April ruled that California could use federal antitrust laws to challenge the proposed merger. By settling now, American has avoided a certain court challenge.

Under the terms of a consent decree between American and Van de Kamp, American has up to five years to dispose of the stores, and doesn't have to seek approval of the attorney general for the buyer, price or terms of sale. The decree also allows for the integration of approximately 23 Southern California Alpha Beta units and a distribution center into the Lucky operation, which the company is keeping. In addition, the agreement gives American a free hand in future expansion plans in the state.

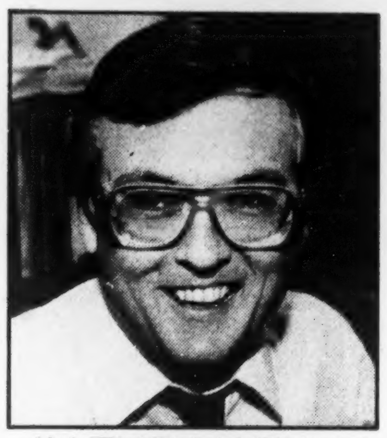
American argued since its purchase of Lucky that merging the two divisions "afforded synergies that would have lowered prices to the consumer," according to company chief executive Jonathan Scott. However, said Scott in a statement, "It is evident the time required and disruption caused by further litigation with the attorney general would only serve to create greater confusion and uncertainty for employees, shareholders and lenders.

"By divesting the Southern

Continued on page 84

OPINION

A new, er, prototype passes an acid test



IN THE MARKET
BRUCE BUCKLEY

Me: Is this your new prototype?

Retailer: Prototype? Well, um, not exactly...

I can't tell you how many times I've heard retailers resist the term prototype in talking about a newly designed store. The reason: there is something too solid about the word. A prototype is conceived, designed, molded and baked hard before its offspring are "rolled out," somewhat like a truckful of bagels.

An exaggeration? Sure. But prototypes do seem, in the mind at least, to resist a lot of change. And retailers by nature are tinkerers. They like to see how a design works for a while. Then they like to play with it. It's all part of an evolutionary process that never reaches the ideal because there is no ideal. Besides, the size and configuration of available space varies all over the lot. One size bagel does not fit all.

I was thinking about retailers' "prototypical" reactions to prototypes on my way up to Vermont this past Memorial Day weekend after making a long side trip to Fair Haven, Mass., to view the latest example of Brooks Drug's creative design efforts.

Brooks is one of a number of drug chains that are reaping the rewards of a consistent marketing approach focusing on basic drug store strengths. Though Hook-SupeRx Inc., Brooks' parent company, doesn't disclose the financial results of its drug store divisions, it's generally known that Brooks' same-store sales—a very sensitive barometer of marketing and operational success—are among the strongest in the industry.

Before my opening day trip to the store, John Jennings, Brooks' executive vp of marketing, had been hesitant to use the word prototype to describe the new store. That had started me thinking about how many times I had heard similar comments. Jennings talked about making changes and then "stepping back" to look at the results. Were they an enhancement and could they be transported economically to other stores? As part of an LBO company, Brooks has to keep "portability" of design foremost in mind.

Individually, the changes in the Fair Haven store were not overwhelming, but the sum of the parts was impressive. Creative lighting headed the list. Two rows of ceiling track lights, one focused on the stationery wall on one side of the store and the other on cosmetics on the opposite side, made those departments pop. Neon signs affixed to subtly colored walls above those departments also drew the eye—without being overwhelming. The angled fragrance wall was topped by a similarly tasteful neon sign. Eventually, parabolic lens coverings, which direct ceiling lights onto product shelves and minimize overhead glare, will be installed.

There were other eye-catching design touches. The newly-configured pharmacy department offered more privacy for pharmacist-patient talks. A vaulted ceiling above the center promotional aisles was a nice, low-key solution to the perennial problem of how to shout sale without making a lot of noise. A slotted, mirrored wall behind fragrances gave an opportunity to build display accents by varying the height and width of the fragrance shelves.

In short, it worked. The key departments—pharmacy, H&BA, cosmetics—made suitably strong statements. The high-grossing stationery section seemed practically to grab customers by the lapels. I put the store to the acid test. I asked my wife Joan about it.

"Very nice," she said. Sounds like a winner to me.

Employment rules face dramatic changes

WASHINGTON PERSPECTIVE
KEN RANKIN

Make no mistake—if Congress has its way, the federal groundrules governing hiring and employment practices will shift dramatically within the next couple of years.

In most cases, the requirements facing drug stores will be made more stringent, the penalties for violations will be stiffer, and the cost of complying with the new standards will be higher.

What's more, employers won't be able to count on the White House to run interference for them. Indeed, much of the impetus for the stricter hiring and employment rules is coming from within the Bush Administration itself.

Take the new "Americans with Disabilities Act" (ADA) just passed by Congress with the support of the President. Under this legislation, drug stores and other businesses will be prohibited from discriminating against the handicapped in the workplace. Moreover, employers will be expected to remove all unreasonable barriers to the employment of the disabled.

In some cases that could mean just a minor adjustment in work procedures. In others, however, it could involve costly structural changes to fixtures, stores and other buildings.

The new ADA law is just one in a series of actions in the pipeline now that would affect drug store industry employment practices. Here's what else is on tap in Washington:

- Tough new federal restrictions on age discrimination in the workforce. The Labor Committees in both the House and the Senate have already approved legislation requiring employers to offer equal benefits to workers, regardless of their age. Those bills would effectively reverse a recent U.S. Supreme Court ruling that held that employers could extend "fringe" benefits to younger workers without offering similar benefits to older employees.
- A crackdown by the U.S. Justice Department on illegal discrimination based on national origin. A recent General Accounting Office investigation reported "widespread discrimination" against job applicants who "look or sound foreign" in the wake of federal immigration reform legislation requiring employers to be responsible for weeding out illegal aliens.

Although Congress may repeal the four year-old penalties on employers of undocumented immigrants, it's more likely that lawmakers will instead press for more vigorous enforcement of the rules against national origin discrimination.

- More vigorous enforcement against workplace "sexual harassment" by the U.S. Equal Employment Opportunities Commission (EEOC). New guidelines issued by the EEOC earlier this spring hold corporate officials legally responsible for sexual harrassment violations by supervisory personnel. Additionally, the enforcement rules oblige employers to protect all workers from a "hostile" work environment.
- Stiffer penalties for violations of federal child labor laws. Legislation now under consideration on Capitol Hill increase fines for child labor violations ten-fold from $1,000 to $10,000 each. In addition, the bill would deny firms that engage in these practices the right to bid on government contracts or obtaining federally guaranteed loans.
- Tight new rules on job safety. Congress is debating a proposal to establish criminal penalties for serious workplace safety violations, while the Bush Administration has uncorked a separate plan to triple the dollar fines facing businesses.

DRUG STORE NEWS®
is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Vaczek**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Assistant Pharmacy Editor
Elizabeth Richardson
Editorial Assistant **Fred Rueckher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maryellen Seery**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Office Manager: **Angela Ftaras**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Area Manager: **Maggie Kaeppel**
Office Manager: **Beverly Wendtland**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**
Office Manager: **Maureen Jackson**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg

Board of Advisers

Judie Doherty, McKesson Corp.
Bill Edwards A. L. Price
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher
James T. deGraffenreid
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau MPA ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

SPECIAL SAMI REPORT

Drug store OTC sales up 1% to hit $4.4B

PRODUCT TRACKING

ALAN MILLER

To assess trends and the magnitude of proprietary drug sales, Arbitron/SAMI has created a special universe of 20 product categories and classes. It tracks sales movement of all brands and items in both drug and food stores in 54 major markets every 28 days.

For the year ended Feb. 23, 1990, retail drug store sales of these non-prescription goods increased 1 percent to reach the $4.4 billion mark.

Medicated-dandruff shampoo scored the highest growth rate nationally, at 12 percent. The second-highest gain was posted by the first aid products category, which includes bandages, first aid kits, first aid tape, and cotton swabs.

Two categories showed major losses: appetite suppressants fell 29.9 percent in drug stores, and proprietary tranquilizers dropped 18.2 percent.

Reasons examined

The weakness among appetite suppressants is surely related to the enormous growth of measured diet meals, paced by both the Slim Fast and Ultra Slim Fast diet programs.

Among the 20 categories and classes included in this special sales analysis, 14 posted gains in drug store dollar volume, while six showed losses.

Although the gain for all of these proprietary drug items was 1 percent nationally, 17 SAMI markets gained at better than 5 percent rates. In three markets (Minneapolis/St. Paul, Charleston/Savannah, Ga., and Portland/Concord, Maine), the gain rate for all of these items combined was more than 10 percent.

Five markets experienced losses of more than 5 percent, headed by Spokane, Wash. (17.4) and followed by: Seattle/Tacoma (-8.0), Grand Rapids/Kalamazoo, Mich. (-7.7), Baltimore/Washington (-7.2), Los Angeles (-5.0), and Portland, Ore. (-5.0).

Obviously, movement trends vary significantly by market and category.

Among internal analgesics, the leading drug store sales segment at $807 million, performance ranged from +6.7 percent in the New York market to -3.9 percent in Dallas/Ft. Worth.

Among cold remedies measured in the 10 geographically dispersed markets, there was a 10.4 percent increase in Atlanta and a decline of 5.0 percent in San Francisco.

Eye care products had plus rates in nine of the 10 markets, but again San Francisco came in with an 8.5 percent loss. Chicago registered a strong increase of 12.6 percent in this category.

New York had the best trend for laxatives and stool softeners, while Dallas/Ft. Worth recorded the lowest figures in that category. Again, among the 10 markets in the case of first aid antiseptics, the parameters ranged from a high of +18.9 percent in Chicago to -0.9 percent in Boston-/Providence.

New York sales of medicated mouthwash items advanced 8 percent, but fell 11.3 percent in St. Louis. All markets showed gains in the medicated-dandruff shampoo product class, ranging from 22.1 percent in Chicago to 6.0 percent in San Francisco.

Finally, there are major differences in the size and importance of these product categories and classes as they are marketed from one geographic area to another.

Eye care products, for example, ranked third out of 20 on a national basis, but in Albany they are second only to internal analgesics, which hold the number one spot in any store sales in all 54 Arbitron/SAMI markets. In the Charleston/Huntington, W. Va. market, eye care products ranked sixth.

Differences noted

The sunscreens product class ranked 14th in national drug store sales of non-prescription products. It ranked 18th, however, in each of these five markets: Milwaukee; Minneapolis; Indianapolis; Birmingham, Ala.; and Kansas City, Mo.

One might expect the high-ranking position of 11th in sun-drenched Jacksonville, Fla. or Los Angeles, but sunscreens also ranked 11th in the Portland/Concord, Maine market. Maybe it makes sense that sun worshippers, who are cooped up during the long Maine winter, need special protection when they emerge into the warm, bright, down-East sunlight.

Drug store dollar sales trends for non-prescription products

(Year end 2/23/90 versus year ago)

Category/class	% change vs. yr. ago
Gains	
Medicated, dandruff shampoo	+12.0%
First aid products	8.8
Sleeping aids	6.9
Sunscreens	6.7
First aid antiseptics	5.7
Eye care products	4.0
Cough remedies	3.0
Lip care products	2.3
External analgesics	1.7
Foot deodorants & athlete's foot remedies	1.5
Nasal spray-drop-inhaler	0.9
Medicated mouthwash	0.8
Chest rubs	0.8
Cold remedies	0.7
Losses	
Cosmetic & medicated skin aids	− 0.1
Internal analgesics	0.3
Laxatives & stool softeners	1.6
Antacids	1.7
Tranquilizers	18.2
Appetite suppressants	29.9

Source: Arbitron/SAMI.

> ***Medicated-dandruff shampoo scored the highest growth rate nationally, at 12 percent. First aid products, including bandages, first aid kits, and cotton swabs, was second.***

Markets where drug stores posted strong gains in sales of non-prescription drug products

(Year End 2/23/90 versus year ago)

Market	% Gain vs. yr. ago
Minneapolis/St.Paul	+12.4%
Charleston/Savannah	12.3
Portland, Me./Concord, N.H.	10.2
Detroit	9.3
New York	8.5
Syracuse	8.0
Charlotte	6.8
Louisville/Lexington	6.8
Greenville/Spartanburg/Asheville	6.6
Miami	6.6
Denver	6.2
Shreveport/Jackson	5.9
Quad Cities	5.6
Green Bay	5.5
Scranton/Wilkes-Barre	5.5
Peoria/Springfield	5.3
Memphis/Little Rock	5.1

Source: Arbitron/SAMI

Drug store trends in geographically dispersed SAMI markets, non-prescription drug categories and product classes

(Dollar sales for year ended Feb. 23, 1990)

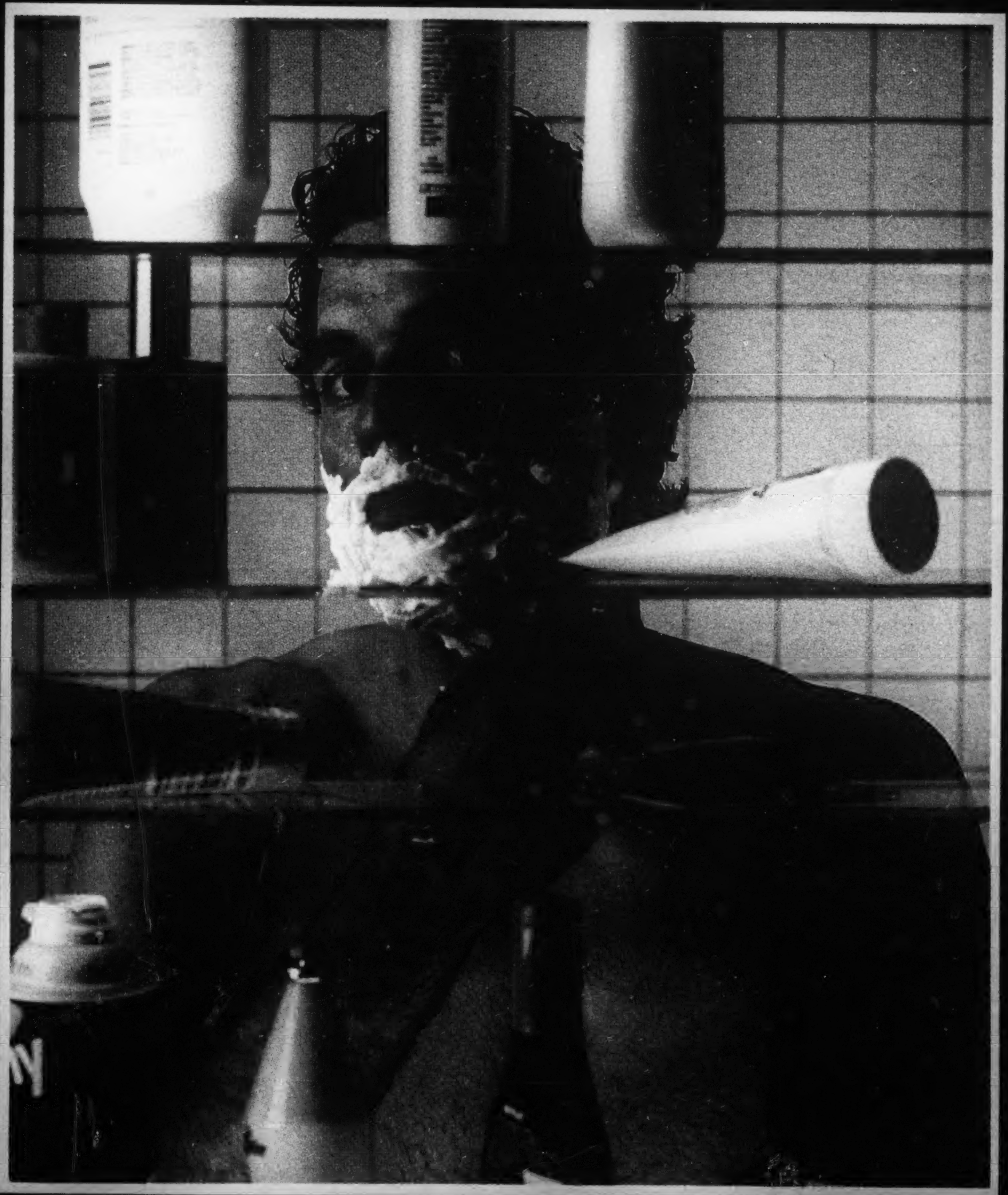
Market	Internal Analgesics	Cold Remedies	Eye Care Products	Laxatives & Stool Softeners	First Aid Antiseptics	Medicated Mouthwash	Medicated, Dandruff Shampoo
Boston/Providence	−2.6%	− 4.4%	+ 3.8%	+ 1.1%	+ 0.9%	+4.8%	+14.0%
New York	+6.7	+ 5.2	+11.4	+14.0	+11.4	+8.0	+18.9
Philadelphia	+1.7	− 2.2	+ 5.3	+ 1.8	+ 7.3	+1.0	+ 8.5
Atlanta	−0.6	+10.4	+10.9	+ 4.0	+ 8.1	−3.9	+ 9.1
Miami	+0.7	+ 7.2	+10.7	+ 0.5	+ 8.9	+7.1	+15.2
Chicago	+1.3	+ 7.2	+12.6	+ 7.1	+18.9	+2.1	+22.1
St. Louis	+1.3	+ 3.3	+ 9.0	+ 6.8	+12.0	−4.3	+ 9.0
Dallas/Ft. Worth	−3.9	+10.1	+ 7.9	− 8.3	+ 4.4	−3.5	+12.6
San Francisco	+1.3	− 5.0	− 8.5	− 7.1	+ 4.2	−0.1	+ 6.0
Denver	+1.7	+ 4.3	+11.2	+ 5.9	+ 8.1	−8.6	+15.3
Total U.S.	−0.3	+ 0.7	+ 4.0	− 1.6	+ 5.7	+0.8	+12.0

Source: Arbitron/SAMI

DRUG STORE NEWS®

GALLUP '90 CONSUMER STUDY

Rewards await chains that court male shoppers



Continued from page 1

reasons they shop in drug stores.

Based on separate interviews with male shoppers in drug stores, the emphasis on convenience seems to overshadow any other consideration that motivates men to shop drug stores, both for grooming aids as well as other products.

Because of the value that men place on convenience, it's also possible that drug stores could appeal to male shoppers by developing advertising that plays up their convenience strengths.

As several buyers point out, men today are shopping for necessities far more frequently than they have in the past.

One source reasoned that this is partly because many men are marrying later, which means they have to shop more for themselves. Also, today there are many more families in which both partners work, and so men are sharing more household tasks like shopping.

So while the Gallup survey confirms that there is a real opportunity for drug stores to court male shoppers, it also asks the question of how best to do this.

Some retailers think the answer lies in expanding their male grooming departments, making them into more of a boutique in which a greater variety of male-specific products could be merchandised together: deodorants, soaps, skin creams, shaving implements, shaving creams, men's colognes, aftershaves, hair thickeners, hair color, and anything else that would be geared to a male customer.

Some sources suggested that it may make more sense to eliminate male grooming sections altogether, in the belief that often they can be confusing or difficult to shop.

One buyer said that because space is at such a premium in today's drug store, it's hard to make a men's grooming department as complete as it should be.

One source called the average chain drug store grooming section a "hodgepodge of a little bit of this and a little bit of that.

"In most stores, you can find shaving products, hair

Continued on page 38

Table of Contents

Shaving products . . . . pg. 38
Aftershaves, colognes . . . . pg. 48
Skin care . . . . pg. 50
Hair care . . . . pg. 53
Retailer strategies . . . . pg. 54

Blade razors popular winners over electric shavers

By and large, American men still to seem prefer a blade razor to an electric shaver.

In *Drug Store News*' Gallup survey of male consumers, 67 percent used a blade razor and only 30 percent used an electric shaver.

Double-edge blades and disposable blades were the most popular with blade razor users; they were chosen by 31 percent and 28 percent, respectively.

Gillette was far and away the favorite brand of razor blade. A total of 53 percent of the respondents who used a blade razor said a Gillette blade was their favorite, while 18 percent picked Bic, and 13 percent of the resopndents picked Schick.

More than half—57 percent—of the electric shaver users preferred the Norelco brand. Another 27 percent of electric shave users named Remington.

When men take a razor to their face, they usually like to soften the procedure with a soothing aerosol cream. Of the respondents who used blade razors, 60 percent said they used a cream when they shaved; 13 percent said they simply used soap; 5 percent used a gel; and 3 percent a pre-shaving lotion.

Gillette was also the most popular brand of shaving cream, named by 27 percent of shaving cream users as their favorite brand, with 18 percent specifically saying they preferred Gillette Foamy.

Barbasol, Colgate Instant Shave, and Edge were the next most popular brands, named by 15 percent, 13 percent, and 12 percent of shaving cream users, respectively.

Although many toiletry buyers think women usually buy men's grooming products and shaving aids, the Gallup survey found this is not necessarily the case.

TRIAL SIZE
Lubriderm
Hand & Body
Lotion

Allocating space for men's shaving products and other grooming aids near mass skin care is a logical adjacency that often results in impulse sales. Six out of every 10 men, Gallup said, buy their own shaving care products.

Three-fourths of the male respondents who used shaving creams said they usually buy their own cream, while 59 percent of the men who used aftershaves and colognes said they also buy their own brands.

Although the vast majority of men, 81 percent, said they don't use any skin care products, most of the men who do use skin care prefer to buy their own products. In addition, 73 percent of all men who use skin care products said they buy their own brands.

Men usually buy their own shaving creams	
User buys	75%
Someone else buys	25

Based on men who usually use an aerosol shaving cream.
Source: The Gallup Organization

Preferred shaving methods	
All razor blades	67%
Electric shavers	30
Don't shave/ no response	3

Source: The Gallup Organization

Razor blades used most often	
Gillette	53%
Bic	18
Schick	13
Store brand	2
No preference	14

Based on men who have used a blade razor in the past four weeks.
Source: The Gallup Organization

TRAC II
Atra
Schick
Super II

Razor blades are a popular item for front-end merchandising. This is an ideal location for generating impulse sales as well as for satisfying the convenience needs of time-harried male shoppers.

Favorite shaving creams	
Gillette Foamy	18%
Barbasol	15
Colgate Instant Shave	13
Edge	12
Gillette other	8
Noxzema	8
Store brand	2
Old Spice	1
No preference	23

Based on men who usually use an aerosol shaving cream.
Source: The Gallup Organization

Percentage who use soothing shave products	
Aerosol creams	60.0%
Soap	13.0
Creams	11.0
Gel	5.0
Pre-shave liquid	3.0
Pre-shave powder stick	0.4
Never use	5.0

Based on men who have used a blade razor in the past four weeks.
Source: Gallup Organization

Rewards for drug chains courting male shoppers

Continued from page 37

sprays, and aftershaves in men's grooming," he said, "but after that you can't predict what you will find there. Sometimes colognes will be in that department and sometimes they'll be in fragrances. Sometimes styling aids will be there and sometimes they'll be in the general hair care planogram. Sometimes deodorants will be there and sometimes they'll be in the general planogram."

He, like other merchants who spoke with *Drug Store News*, felt it would be more logical if men could know in advance that if they wanted hair color, they should go to the hair color department, and if they wanted an aftershave, they should go to fragrances.

If drug chains do keep a men's grooming section, it should be expanded so products could be merchandised by families or brand franchise, retailers said. For example, the entire line of Old Spice products, including deodorants, aftershaves, colognes, and more, would be grouped together, as would all Adidas products like soaps, deodorants and fragrances.

He said that this would be the easiest way to generate incremental sales because men, seeing the complete line in front of them, would be motivated to buy companion products by brand family.

This is the way many drug chains now merchandise their hair care departments and how some chains are merchandising skin care. This may yet become the way chains display the men's grooming category.

Methodology of Gallup poll

The Gallup Organization, Princeton, N.J., conducted this market research survey for *Drug Store News* to identify the buying habits of men who shop for skin care, hair grooming, and fragrance products, and women who shop for bath, skin, and hair care products.

Findings on the male-oriented shopping patterns are offered in this issue; those of female shoppers will appear in the June 18 issue of *Drug Store News*.

Between Feb. 19 and March 4, Gallup conducted a telephone survey among a nationally representative sample of 1,012 men and women who were 18 years or older. There were 502 women represented in the survey and 510 men; 85 percent of the respondents were white.

A total of 13 percent of the respondents were between 18 and 24 years old; 23 percent were between 25 and 34; 27 percent were between 35 and 49, and the rest, 34 percent, were 50 or older; 3 percent were undesignated. Survey respondents were further classified by household income, marital status, occupation, and geographic region.

BEAUTY TRENDS

Gallup: Shaving

Where men buy shaving cream

Regular drug/discount drug store	41%
Food store	39
Mass merchandise store	13
Department store	2
No preference	5

Based on men who usually use an aerosol shaving cream.
Source: The Gallup Organization

Electric shavers used most often

Norelco	57%
Remington	27
Braun	7
Schick	1
No preference	8

Based on men who have used an electric shaver in the past four weeks.
Source: The Gallup Organization

Convenience key to shaving buys

When men shop they go for convenience, especially for commodity products like shaving cream.

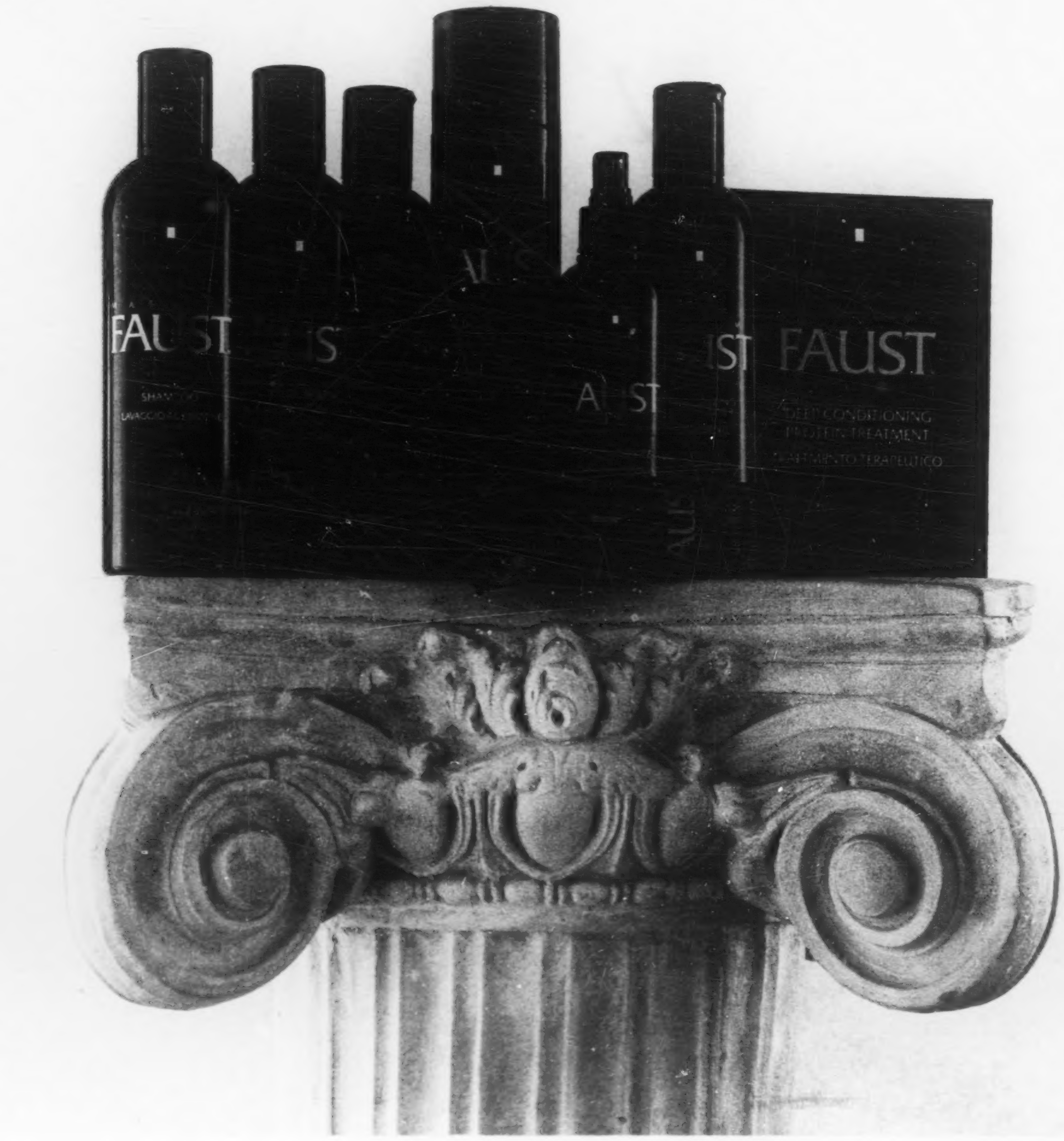
Men tend to be in drug stores or food stores more than they are in discount stores or department stores, so that's where most men buy their shaving creams and lotions.

Drug stores scored well with convenience-minded males, but some buyers think they could be doing even better. According to Gallup, 41 percent of all men who use shaving creams buy them in drug stores.

But, since six out of 10 men don't shop drug stores for shaving products, chains need to get the convenience message across to male consumers.

Some buyers feel the shaving department needs to be more visible, and have its own identity. From chain to chain, it is paired with hair care or deodorants, or is displayed as an extension of fragrances.

Buyers felt the shaving department should have a more consistent home in drug stores, and have a more definite, accessible, and convenient location. One suggested that an adjacency with skin care and bath care products would be the most logical way to merchandise shaving aids.



M. Faust™

MASSIMO
FAUST®
Hair Care Products

Available in the U.S. through

THE PROFESSIONAL
TO RETAIL NETWORK

RICHARD RAVID, INC.
RICHARD BEAUTY SUPPLY
4250 Normandy Ct.
Royal Oak, MI 48073
313-549-3350
800-25-RAVID
Contact: Steve G. Phillos,
V.P. Sales

Gobi Primak
9 Elkins Rd.
East Brunswick, NJ 08816
201-390-1050
800-877-GOBI
Contact: August Zolfo,
President Sales & Marketing

BBI
BEAUTY BROKERS, INC.
8701 Sterling #180
Irving, TX 75063
214-929-4960
800-444-7224
Contact: Brian Kittinger,
V.P. Sales

TraffiCreators
MERCURY DISTRIBUTING CO., INC.
9600 Lurline Avenue
Chatsworth, CA 91311
800-233-7136 (Western U.S.)
800-325-5343 (CA only)
Contact: Michael Edwards,
V.P. Sales

Aftershave/cologne use nears 75% mark

Favorite aftershaves or colognes

Old Spice	15%
Polo	8
Drakkar Noir	5
Stetson	5
Brut	5
English Leather	4
Aqua Velva	4
Windrift	3
Aramis	3
Obsession	3
Brut 33	3
Halston	2
Avon	2
Skin Bracer	2
Jovan Musk	2
No preference	37

Based on men who have used an after shave or cologne in the past four weeks.
Source: The Gallup Organization

Manufacturers of aftershave lotions and colognes have been more successful than manufacturers of hair styling and hair coloring products in convincing men to use their products.

Almost three-fourths—72 percent—of the male respondents in the Gallup survey said they used either an aftershave lotion or a cologne.

The frequency of use for these products is also up slightly, as 19 percent of lotion/cologne users said they are using these products more now than several years ago, and just 9 percent said they were using them less.

Numerous benefits

Several buyers think usage is higher in this category because it is easy for men to perceive the social benefits of a cologne or aftershave as well as to feel the physical benefit.

Many colognes and aftershaves are positioned to enhance a man's sex appeal. Many are also formulated to leave the skin feeling refreshed and soft after a shave, and many men do perceive that as a definite benefit.

There is fragmentation in the aftershave/cologne category, but there are also some strong brand preferences. A total of 15 percent of men who used a cologne/aftershave named Old Spice as their favorite brand, while 8 percent picked a much more upscale brand, Polo.

Other popular brands

Also garnering 5 percent each was another upscale cologne, Drakkar Noir, and Stetson and Brut, while 4 percent opted for Aqua Velva and English Leather, respectively. All the popular brands were heavily advertised.

More than half—59 percent—of cologne/aftershave users said they usually bought their own aftershaves or colognes, but the rest let someone else buy for them, presumably a woman who either knows her man's preferences or whose taste he trusts.

Where men most often buy aftershaves and colognes

Department stores	34%
Regular drug/ discount drug stores	30
Food stores	15
Mass merchandise stores	13
Door-to-door salesperson	2
No preference	6

Based on men who have used an after shave or cologne in the past four weeks.
Source: The Gallup Organization

Sensor puts drug chains on shaving's cutting edge

The Gillette Sensor shaving system is a classic example of a successful product somewhat tangled in its own success.

Drug chain buyers feel that Sensor can be a category buster, if only they could get enough of it. Demand for the innovative twin-blade razor, driven by a massive consumer ad campaign, has reportedly doubled initial projections and caused product outages at some chains.

Sensor didn't show up in the Gallup consumer survey because it was launched in January and was initially distributed as the polling was conducted.

Before the debut, Gillette predicted that by year's end Sensor would have a 4 percent share of the wet shave market, made up of disposables and systems. It is now projecting Sensor revenues of $175 million, or 6 percent, said Michael Casner, vp-business manager, Gillette.

Casner said Gillette expects to be meeting demand by the third quarter. By May the company was still allocating product, and experiencing "a couple of weeks' delay" filling back orders, he said.

He confirmed that in mid-February the unexpected demand had caused six- to eight-week delivery delays. Gillette responded by canceling the product's launch in Europe—a move still in effect in May—putting its South Boston and West Berlin factories on 24-hour production, planning to bring production equipment on-line earlier, and rescheduling planned ads for the second half.

"We know people are still frustrated. There are still out-of-stocks," Casner said at press time.

Cutting edge shaving entry

Chain buyers interviewed by *Drug Store News* largely agreed that Sensor is the sharpest new shaving entry in years, with performance and features that should continue to win over users. Its twin blades are mounted individually on springs which sense and adjust to the smallest curves of a man's face, Gillette said.

Yet some merchants reported out-of-stocks and were on back-order through May, especially on the five- and 10-count cartridge blade packs, they said. "It's a terrific product. They've wiped out the competition. Now all they have to do is supply it," said Steve Demas, a buyer at Peoples Drug Stores. "This razor could be dominating the field for quite some time."

For its part, Peoples was loaded with product and ready by the time of the Sensor's Super Bowl Sunday advertising kickoff Jan 28. But it has been a scramble ever since to maintain everyday stock, while promoting the razor about every fifth week. "I don't think I've received one [full] order yet," Demas said.

At Duane Reade in New York City, "the razor itself is still back ordered. We're out of stock right now," said Eli Cohen, president and chief operations officer. He said the chain received 20 percent of a March 1 order for 1,800 dozen of the razor five-pack. By April 17, 1,500 dozen were still back ordered. The full order arrived in May. The vendor "is not taking orders" on the 10-count packs, Cohen said.

Gillette's Casner said that Big Apple consumers are "more highly aware" of the product through advertising.

Rite Aid, Kerr, and Thrift also said they couldn't meet market demand for the hot Sensor.

Thrift fared well, except for three weeks in March when it was out-of-stock on blades. The chain received most of the product ordered and in time to meet stores' demands because it submitted orders early, said Marty Sheets, senior buyer of cosmetics and fragrances.

"Gillette is on a first-come, first-served basis," said Sheets. Thrift's first order was delivered Oct. 10, and the chain placed its second order before receiving the first, Sheets said. "We could see they were committed to a phenomenal advertising budget," Sheets said.

Systems gaining ground

Buyers said Sensor will likely fuel the consumer trend away from disposables to systems. As a category, shaving systems gained ground in supermarkets in the first quarter of 1990, according to Towne-Oller & Associates, New York.

In the quarter, systems accounted for 60.1 percent of wet shave dollar volume in supermarkets, compared with 56.7 percent in the first quarter of 1989. Disposables, in comparison, had 39.9 percent of share, compared with 43.3 percent in last year's quarter, Towne-Oller said.

Buyers said Sensor will likely fuel the consumer trend away from disposables to systems. As a category, shaving systems gained ground in supermarkets in the first quarter of 1990 . . .

OscoDrug
Gillette Sensor
Gillette® Sensor® Razor
With 5 disposable cartridges
2 39
5-Pack Gillette® Sensor® Shaving Cartridges
2 79
Gillette Sensor
NEW
Snyder
Fay's
Gillette
NEW
5
2 57
GILLETTE SENSOR CARTRIDGES
•Package of 5
Winn-Dixie
Marketplace
Gillette Sensor
5
5-CT.
GILLETTE SENSOR BLADES
$2 69
PKG

Massive consumer and co-op advertising has greatly increased the demand for the Gillette Sensor.

Men buying aftershaves or colognes are likely to make their purchase in a drug store because they value price and convenience.

Cologne/aftershave purchasers prefer drug and dept. stores

While men will often shop mass market stores for commodity items like shaving creams, shampoos, and hair styling aids, they are a little more particular when it comes to colognes.

When surveyed, 34 percent of cologne/aftershave users said they bought their colognes and/or aftershaves in a department store, indicating that quality brands, service, and selection were important.

A slightly smaller number, 30 percent, bought their products in a drug store. This indicates that convenience and price are important too.

It also suggests a strong opportunity for drug chains that effectively spread the word that they also carry the better-known brands and offer service and selection.

As with shaving products and men's hair care needs, some buyers felt it is possible men don't shop drug stores more often for fragrances because display strategies can be confusing.

From chain to chain, a cologne or aftershave might be in the toiletries section, or near women's fragrances. It might be under glass, or it might be on a shelf. It might be near hair, or it might be near grooming.

Some men will also shop a food or mass merchandise store for fragrances. To this end, 15 percent of cologne/aftershave users told the Gallup pollsters that they most often buy their colognes or aftershaves in a food store, and 13 percent said they shopped for these items in discount stores like K mart.

Once again, several toiletries buyers said they think most men will shop wherever they happen to be, and wherever it is most convenient for them.

One buyer said that male customers, who tend to be brand loyal and to know what they want, are willing to pay more if they can save time or effort. Plus, he said, men do not seem to care as much as women do about product assortment, again because many men basically know in advance what it is they intend to buy, and they just want to make the purchase as quickly as possible.

Another grooming aids buyer said he thinks men could be wooed away from food and mass merchandise stores if drug store operators made more of an effort to make their stores "comfortable" for men, meaning making their products easy to find and making it easy to get in and out fast.

Percentage of men who have used aftershaves or colognes

Users	72%
Never use	28

Based on use within the past four weeks.
Source: The Gallup Organization

Frequent use of skin care items grows among men

The number of men who use skin care products isn't high yet, but frequency of use is definitely growing.

Gallup found that although the number of men who use skin care products is still relatively low (19 percent), more than half of the users (51 percent) said they use skin care items more frequently now than several years ago. At the same time, just 6 percent of all users said they use skin care products less frequently.

Most male skin care users also like to buy their own skin care products; 73 percent of skin care users said they bought their own brands, while just 25 percent let someone else shop for them.

Notably, more than three-fourths (79 percent) of male skin care users said they bought skin care products in drug, food, or mass merchandise stores most of the time—not department stores, where most colognes are bought. Just 7 percent said they shopped department stores for skin care.

That's not especially surprising when one notes the majority buy and use popular mass market brands like Vaseline Intensive Care Lotion or Noxzema.

Although discount stores certainly stock mass market skin care brands, they aren't capturing many male shoppers here. Just 12 percent of users said they bought their skin care in a discount store compared to 27 percent who said they most often bought their skin care items in food stores.

The most popular place for men to buy skin care items is still a drug store; 40 percent of all skin care users said they shopped drug stores most often for their preferred brands.

This suggests an opportunity for drug stores to develop a franchise with male skin care shoppers. If they can get men comfortable with the idea of buying skin care items in their stores, they can lock in shoppers who are generally loyal. They can also make it harder for food chains and discount stores to attract this business.

Toiletry buyers interviewed feel most men will shop where they can save time. However, as one source said, the store has to be conveniently merchandised as well as conveniently located. The average man won't shop a drug store for skin care unless he is convinced he can get into the store easily, find what he wants fast, and get out fast.

Drug stores have to develop a specific strategy for merchandising men's skin care and stick with it, this source said.

"When men shop for themselves," said one source, "they want to know where they can find what they want and how fast they can get in and out."

One buyer said the easiest way to merchandise skin care for men is to create a generic set for skin care featuring all men's and women's franchised and toiletry brands available today, locate it a skin care department in or near the cosmetics department, and then advertise it to increase its visibility.

That was the way some retailers thought men's hair color, hair thickening products, and styling aids should be merchandised.

The maximal way to merchandise grooming aids for men, one source suggested, is by product category, not a men's grooming section.

However, other sources said a men's grooming section does make sense, only it should be big enough to include the majority of products formulated specifically for men, and maybe it should be merchandised by brand family rather than product type.

Men usually buy their own skin care items

User buys	73%
Someone else buys	25
No response	2

Based on men who have used a skin care product in the past four weeks.

Source: The Gallup Organization

Men are starting to use skin care products more often

Using more frequently	51%
Less frequently	6
About the same	42
No preference	1

Based on men who have used a skin care product in the past four weeks, and compared to usage several years ago.
Source: The Gallup Organization

Where men most often buy skin care products

Regular drug/discount drug store	27%
Food store	27
Mass merchandise store	12
Department store	7
Door-to-door sales person	6
Specialty store	5
No preference	16

Based on men who have used a skin care product in the past four weeks.
Source: The Gallup Organization

More than three-fourths (79 percent) of male skin care users said they bought skin care products in drug, food, or mass merchandise stores most of the time—not department stores, where most colognes are bought. Just 7 percent said they shopped department stores for skin care.

Favorite skin care brand

Vaseline Intensive Care	20%
Noxzema	8
Neutrogena	3
Clinique	2
Aramis	1
Soft Sense	1
Other	54
No preference	11

Based on men who have used a skin care product in the past four weeks.
Source: The Gallup Organization

Men loyal to hair care brand, skeptical of ad claims

Men are not what one might call daring or experimental when it comes to hair care. They are somewhat skeptical about product benefit claims, and they tend to stay loyal to the brands they have used in the past.

That's probably the main reason why Gallup found that just 6 percent of the males in the grooming aids survey used hair-thickening products.

Percentage of men who have used hair styling aids

Hair spray	19%
Mousse	9
Gel	9
Never use	67

*Responses also reflect multiple use of styling products
Source: The Gallup Organization

Men seem to be waiting for manufacturers to do more to prove to them that these products work. They are less susceptible to fantasy advertising than women, one buyer said.

Some men also seem to think they should live with what nature has given them, and that it's "feminine" to try to rearrange their appearance.

That may also explain why 67 percent of the respondents also said they aren't using hair styling products like sprays, mousses, or gels.

It may also explain why 95 percent of all men say they don't use hair coloring products. Surprisingly, age had no impact on men's willingness to say they used hair coloring products. There were no significant differences in usage between the younger men in the survey and men 50 and over.

There were some age differences, however, among men who used styling products. More older men than younger men said they used hair sprays, while younger men were more likely to be using mousses, gels, or spritzes.

However, hair sprays still remain the most popular choice of men who use styling aids; 19 percent said they did use a hair spray compared to 9 percent who said they used a mousse and 9 percent who said they used a gel.

The most frequently preferred and most-often-mentioned brand of hair spray was Alberto Culver's Consort, chosen by 13 percent of hair spray users as their favorite brand. Another 7 percent named Aqua Net; 5 percent singled out Command and Gillette's Dry Look, respectively; and 4 percent opted for Vitalis. After that, the brand loyalties became very fragmented.

In the shampoo category, men seem to be very practical. The most preferred brand, Head & Shoulders, also does double duty as an anti-dandruff shampoo, and it was the favorite brand of 13 percent of the respondents.

Pert Plus, which is a time saver since it combines a shampoo and a conditioner into one formula, was chosen by 5 percent. Other strong favorites were Prell, 6 percent; Suave, 5 percent; and Johnson's Baby Shampoo, 4 percent.

Men seem to be waiting for manufacturers to do more to prove to them that these products work. They are less susceptible to fantasy advertising than women, one buyer said.

Many men expect to find hair color lines like Option and Just For Men in the mass hair color department, not in the men's grooming aids department next to aftershaves, colognes, or shaving creams.

SHAMPOOS
CONDITIONERS
TREATMENTS
17
HAIR DYES
PERMANENTS

Many drug stores have trained men to look for styling aids, hair thickeners, and hair color in the regular hair care department. Some buyers feel that space is too tight to put these items in the men's grooming aids department.

Favorite shampoos

Head & Shoulders	13%
Prell	6
Pert Plus	5
Suave	5
Johnson's Baby Shampoo	4
Selsun Blue	3
Flex	3
White Rain	2
Ivory	2
Nexxus	2
Vidal Sassoon	2
Bar soap	1
Other	24
No response	28

Source: The Gallup Organization

Favorite hair sprays

Consort	13%
Aqua Net	7
Command	5
Gillette Dry Look	5
Vitalis Spray	4
Breck	2
Suave For Men	2
Protein 29	2
Vidal Sassoon	2
Alberto VO5	2
Other or no preferences	56

Based on men who have used a hair spray in the last four weeks.
Source: The Gallup Organization

LOWEST PRICES EVERY DAY
OUR TRUCKLOAD BUYS MEAN BIGGER SAVINGS FOR YOU!
SAVE 30%-40%-50% EVERY DAY
E.S.P.
$2.96
SHAMPOO
$1.58

Convenience, low prices and brand name assortments are primary purchase motivators in men's hair care. Drug chains fare well, but hypermarkets provide hot competition.

BROOKS

GIANT Rx Discount DRUG
Assorted
Suave Shampoo or Conditioner
The Dry Look For Men
8-oz. can
3.49
SAVE 50¢

Snyder
3.79
Vitalis Non-Aerosol Hair Spray.
8 oz. Natural Hold, Super Hold or Super Hold Unscented formulas.

RITE AID
BIG BUY
AQUA NET HAIR SPRAY
99¢

Fantle's DRUGSTORE
3.69
PRELL SHAMPOO OR CONDITIONER LIQUID
15 Oz.
2.99

white rain
Vitalis
Suave
Prell

In the hair care category men are brand loyal and are less likely to be swayed by advertising claims than women.

TRENDS

High grades, new formats add spin to blank videotape profits

Manufacturers and retailers of blank videotape are scrambling for ways to squeeze higher sales and profits from a mature but still-lucrative market. Their efforts have begun to slow the price erosion in videotapes as consumers gradually get the message about quality and value.

Nevertheless, videotapes make for tough competition. For manufacturers, the challenge has been to distinguish their brands and gain precious shelf space in a category crowded with nearly a dozen major players and a slew of smaller, low-priced imports. The result has been a growing emphasis by suppliers on higher-grade tapes, additional formats like 8mm, longer-playing tapes, and other niche opportunities.

For retailers, the category has also been a competitive slugfest. The competition has reached fever pitch as two forces have converged: the maturity of the market and the nearly universal distribution of blank videotapes into every trade class and nearly every mass market outlet.

Blank videotape was one of the true boom categories of the 1980s, leaping from a few million units sold at the beginning of the decade to more than 300 million in annual unit sales, generating between $1.5 billion and $2 billion at retail. Since 1986, however, the market has flattened out as household VCR penetration reached near-saturation levels of more than 60 percent of U.S. homes.

“Once consumers build a lot of tapes into their videocassette library, they tend not to buy as many new ones,” noted one industry expert. “The retailers are now looking at two-and-a-half years of flat sales and looking at what they can do to get the registers singing again.”

> ***For retailers, the category has been a competitive slugfest. The competition has reached fever pitch as two forces have converged: the maturity of the market and the nearly universal distribution of blank videotapes into every trade class and nearly every mass market outlet.***

Add in the fact that blank tapes are now sold by virtually everyone, and the result has been a three-year price war among videotape retailers, with feature prices on quality, brand-name tapes sometimes falling to below-$3 levels.

“Price erosion is the single most important factor affecting the market right now,” said Don Patrican, director of marketing for Polaroid. “As we reach the middle stages of maturity in this market, we hope the retailer understands that the price erosion doesn’t do anybody any good.

“It’s been extremely competitive, and retailers are beginning to realize they aren’t going to sell any more tapes by cutting the price,” he continued. “They’re starting to look at how they can boost sales and margins within the current market.”

Trade-ups sought

Niche marketing to individual tastes has been one method to boost sales within a flat arena, manufacturers argue. Both sides are trying to nudge consumers to trade up to higher-quality tapes as a sure-fire way to boost ticket prices and margins, but the high-grade segment still accounts for only 13 percent to 14 percent of total blank tape sales, according to John Ziemba, national sales director for audio/video consumer products for BASF Corp.

The biggest roadblock to building sales at the higher end of the market has been confusion by both consumers and retailers about the need for higher-grade tapes, and the distinctions between different grades of tape quality, many manufacturers argue. In a sense, retailers and manufacturers have eroded the quality/value appeal of tapes through the emphasis on price, and now must educate consumers.

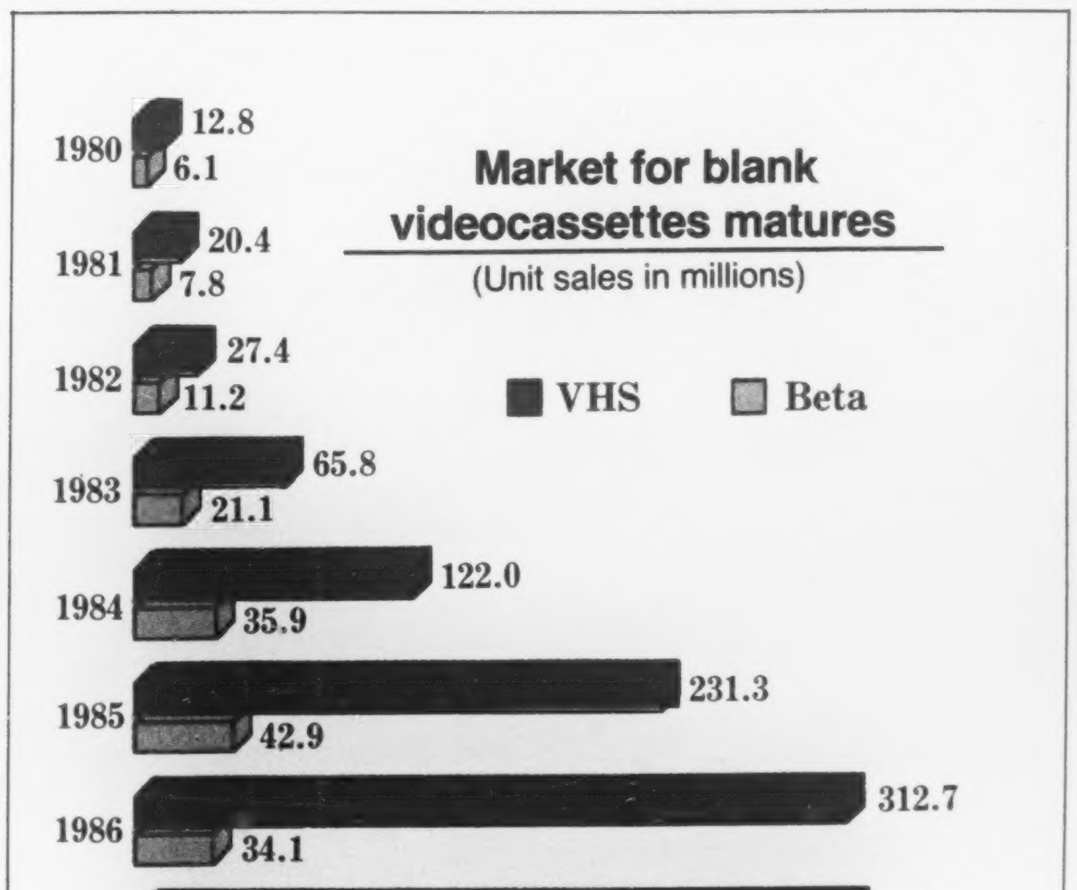
“High-grade tapes sales are relatively static, because consumers figure if the product is this cheap, how can it be that much better?” Ziemba noted. “There are specific uses for high-grade tape, but consumers don’t really understand that, and price erosion has contributed to the problem.”

So too has the lack of accepted, universal industry standards governing tape quality. Major manufacturers like Maxell, Fuji, Polaroid, Scotch/3M, and others have attempted to deal with the consumer confusion about varying grades of tapes by redesigning their packaging and clearly marking each grade they offer, but confusion about various terms like “high quality” remain.

“The lack of a clear standard is a problem,” said Ziemba. “You’ve got all these no-name tape companies throwing words like ‘high grade’ on their packages, but the quali-

Continued on page 66

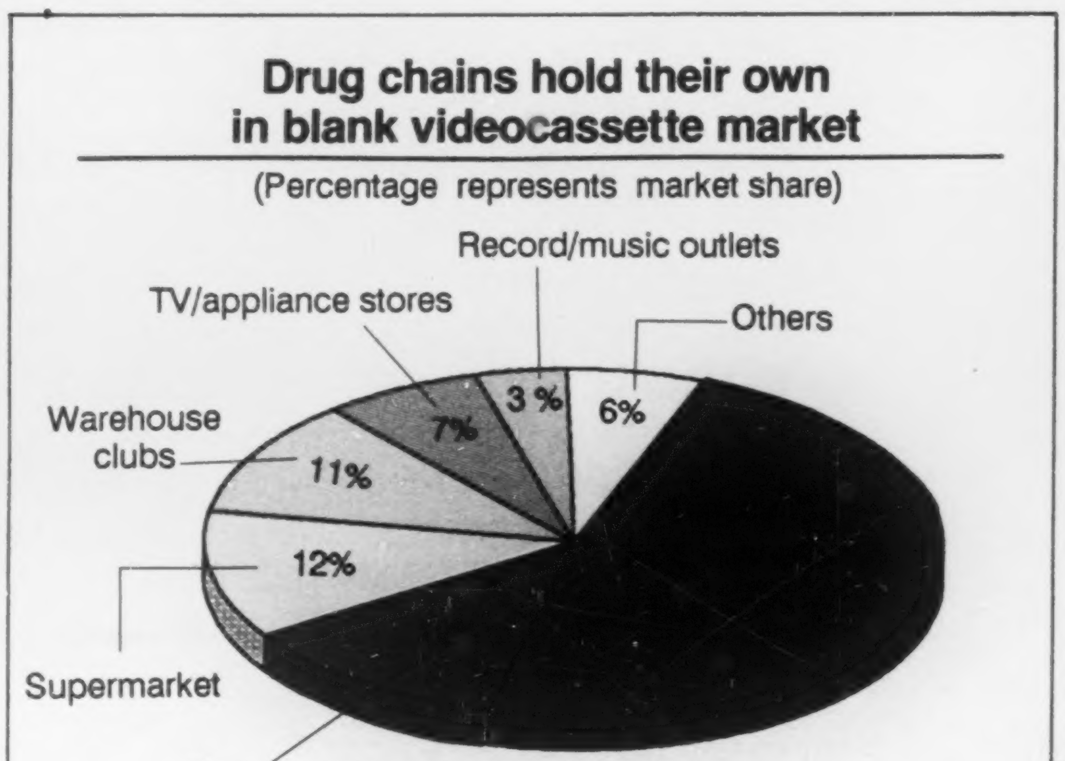
Retailers such as Rx Place (shown) build a sound entertainment image—and margins—by displaying various audiotapes, headphones and carrying cases along with blank and pre-recorded videotapes.



Market for blank videocassettes matures

(Unit sales in millions)

*Last year for which figures are available.
Source: International Tape/Disc Association



Drug chains hold their own in blank videocassette market

(Percentage represents market share)

Source: Industry figures compiled by BASF Corp.

Higher grades add spin to videotape profits

Factory sales of VCRs show maturity

Year	No. of units (in millions)	Dollar value per unit
1985	11.3	$370
1986	12.3	$320
1987	11.6	$300
1988	10.7	$260

Source: Electronic Industries Association

*Camcorder sales continue to climb**

Year	No. of units (in millions)	Average cost per unit
1985	0.52	$1,090
1986	1.20	$1,070
1987	1.60	$1,030
1988	2.06	$ 960

*Measured in factory shipments.
Source: Electronic Industries Association

Continued from page 65

ty isn't the same as it is for a brand-name product. The problem is, when high-grade tape became a viable product, there was never a standard set for it."

Ziemba and other manufacturers agree that the need exists for an industry-wide standard, but say it is difficult to implement. "We know we have to help educate the consumer, but it's difficult to do because with the prices eroding, we can't afford to," one supplier said.

Meanwhile, manufacturers continue to try to clear up the confusion with clearly marked packaging, point-of-purchase (POP) materials, and advertising.

> *One big impetus for the education effort is that the videotape market has shifted largely away from specialty outlets. . .where trained clerks could provide information . . . and into the self-service arena of the mass market. . .*

One big impetus for the education effort is the fact that the videotape market has shifted largely away from specialty outlets like video and electronics stores—where trained clerks could provide information to customers about various grades of tape—and into the self-service arena of the mass market, where consumers are on their own. This shift is reflected in the fact that women now comprise well over half of all tape purchases.

"When we started selling videotape, we were selling it to people in the electronics industry, and they knew the product," said one manufacturer.

For retailer success in the tape category, however, manufacturers agree that "a well-though-out, well-merchandised assortment," in Ziemba's words, remains essential.

"To develop the category, retailers must stock a full line of premium, name-brand audio and video cassettes and accessories in a self-service section," noted 3M/Scotch marketing director Bob Burnett. "Simply putting blank videotape behind the counter will eliminate important impulse sales."

The GLADSON ADVANTAGE
Luvs Deluxe
SOFT-WHITE
Kodak
ENERGIZER
ENERGIZER
Databases
Quick Turnaround
Quality Planograms

THE GLADSON ADVANTAGE IS THE SERVICE CENTER APPROACH... PROVIDING RETAILERS AND MANUFACTURERS WITH THE COMPETITIVE EDGE.

- **EXTENSIVE DATABASES**–WE DELIVER ACCURATE DIMENSIONS AND CLEAR IMAGES OF OVER 55,000 SKU'S, AVAILABLE VIA MODEM, STREAMING TAPE OR DISKETTE.
- **QUICK TURNAROUND**–YOU GET THE SERVICE YOU WANT – ***WHEN*** YOU WANT IT.
- **PLANOGRAM SERVICE**–IF YOUR SPACE MANAGEMENT DEPARTMENT IS TOO BUSY OR IF YOU DON'T HAVE A SPACE MANAGEMENT DEPARTMENT, CALL US!

THE GLADSON ADVANTAGE–THE NUMBER ONE CHOICE OF MAJOR RETAILERS AND MANUFACTURERS WORLDWIDE.

FOR MORE INFORMATION, CALL MARY WLODARSKI, VICE PRESIDENT SALES TODAY! (708) 810-0090.

Gladson & Associates
1982 OHIO STREET, LISLE, IL 60532

When customers ask what they
should use for cold sores, suggest
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

FINANCIAL

Arbor 3rd qtr. sees income, sales gains

TROY, Mich. — Arbor Drugs reported a 15.5 percent increase in net income and a 12.3 percent gain in net sales for the third quarter ended April 30.

Third-quarter net income was $2.3 million, compared with $1.97 million in the year-earlier period, on net sales of $82.8 million, which rose from $73.8 million. Comparable-store sales were up 7.8 percent for the quarter.

For the nine months, net income was $8.3 million, a 24.4 percent increase over the previous year's $6.7 million. Sales for the nine months were up 13.6 percent to $252.5 million from $222.2 million for the period last year. Comparable-store sales rose 9.3 percent.

Commenting on the results, Eugene Applebaum, chairman, president and ceo of the 96-store company, said, "Our third quarter reflects the success of our continuing emphasis on pharmacy as the core of our operation and the overall convenience of our traditional drug store format."

Arbor, which was recently named 1989-1990 Michigan Company of the Year by the *Detroit Free Press*, opened one store during the third quarter and has opened four more thus far in the fourth quarter.

Cardinal sales, earnings break records in 4th qtr.

DUBLIN, Ohio — Cardinal Distribution tallied record sales and earnings for the fourth quarter and fiscal year ended March 31.

Fourth-quarter net earnings were up 42 percent, to $4.3 million, from $3 million in the comparable prior period, on sales of $239.6 million, a 21 percent gain over the $198.2 million reported in the period last year.

For the year, net earnings from continuing operations increased 50 percent, to $12.8 million from $8.51 million, with total net earnings at $12.8 million, compared with $13.3 million in 1989, which included net earnings from discontinued operations of $336,000 and a $4.4 million after-tax gain on the April 1988 sale of Cardinal's food wholesaling operations.

Robert D. Walter, chairman and ceo, said the record fourth-quarter and year-end results were achieved solely through internal growth, with no acquisition impact occurring during the fiscal year.

In March, Cardinal announced an agreement in principle to buy all of the stock of Ohio Valley-Clarksburg Inc., for $27.1 million. The deal is expected to close this month.

Ohio Valley, a Wheeling, W. Va.-based wholesale drug distributor with annual revenues of about $190 million, serves primarily drug store customers in West Virginia, Pennsylvania, Ohio, Maryland, Virginia and parts of adjoining states.

SGC's 4th qtr. hits new highs

EDISON, N.J. — Supermarkets General Corp. has started to dig out from under its mountain of LBO debt, as seen in its record results for the fourth quarter and fiscal year ended Feb. 3.

Operating earnings for the year, not including a $36.2 million restructuring charge related to the Rickel division, were a record $213.3 million, a 12-percent increase over the previous year. After interest expenses, taxes and LBO charges, the company showed a net loss of $56.3 million, excluding the restructuring charge, compared with last year's net loss of $58.9 million. Sales, though also a record for the 53-week period, were essentially flat, rising 6 percent over last year's 52-week period to $6.3 billion.

In the fourth quarter, operating earnings, not including the restructuring charge, climbed 41 percent to $76.8 million.

MARKET DIARY:

Largest Dollar Gainer	Merck Co.	$ 5.75
Largest Dollar Loser	Great A & P Tea	$– 2.63
Largest Percentage Gainer	Leiner P. Nutrition	15.00%
Largest Percentage Loser	ICN Pharmaceutical	–16.67%

Advances	33
Declines	16
Unchanged	7
New highs	14
New lows	3

	Close 5/15/90	Close 5/25/90	Net Change	Percent Change
Drug Store News Index	2889.95	2958.84	68.89	2.38
Dow Jones Industrial Average	2822.45	2820.92	– 1.53	–0.05
Standard & Poor's 500-Stock Index	354.28	354.58	0.30	0.08
N.Y.S.E. Composite	193.31	193.71	0.40	0.21
Value Line Index	242.54	243.31	0.77	0.32

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 5/15/90	Closing Price 5/25/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	19.75	19.75	0.00	0.00	18	0.16	0.81	24.75	14.75
OTC	Big B	BIGB	11.38	11.25	–0.13	– 1.10	23	0.16	1.42	15.25	10.50
OTC	Drug Emporium	DEMP	7.38	7.00	–0.38	– 5.08	11	0.20	2.86	16.38	6.25
NYS	Fay's Inc.	FAY	8.38	8.88	0.50	5.97	13	0.20	2.25	15.00	7.75
ASE	Genovese Drug (L)	GDX.A	7.88	7.38	–0.50	– 6.35	18	0.24	3.25	12.25	7.25
OTC	Leroy Pharmacies	LERY	4.88	4.88	0.00	0.00	–163	0.00	0.00	5.75	2.88
NYS	Longs Drug Stores	LDG	40.38	40.00	–0.38	– 0.93	13	1.04	2.60	48.50	36.75
OTC	Medicine Shoppe	MSII	21.25	22.00	0.75	3.53	22	0.16	0.73	26.38	17.50
NYS	Perry Drug	PDS	7.88	8.00	0.13	1.59	14	0.00	0.00	12.88	7.00
NYS	Rite Aid Corp.	RAD	34.25	33.50	–0.75	– 2.19	17	0.88	2.63	41.13	29.50
NYS	Walgreen Co.	WAG	43.88	44.38	0.50	1.14	17	0.80	1.80	50.25	39.50
Wholesaler's transactions											
ASE	Bergen Brunswig (H)	BBC	26.25	26.50	0.25	0.95	15	0.40	1.51	27.38	20.50
OTC	Bindley Western Ind.	BIND	12.00	11.63	–0.38	– 3.13	19	0.00	0.00	12.75	7.88
OTC	Cardinal Distribution (H)	CDIC	23.75	25.75	2.00	8.42	20	0.08	0.31	26.25	16.25
OTC	Durr-Fillauer	DUFM	21.25	21.75	0.50	2.35	14	0.28	1.29	25.88	18.50
ASE	Ketchum	KCH	2.00	2.00	0.00	0.00	– 1	0.00	0.00	7.13	1.63
NYS	McKesson Corp.	MCK	34.25	33.75	–0.50	– 1.46	15	1.60	4.74	39.75	31.75
ASE	Moore Medical (L)	MMD	6.13	6.25	0.13	2.04	– 10	0.00	0.00	15.13	5.63
NYS	Owens & Minor (H)	OMI	12.63	12.75	0.13	0.99	34	0.24	1.88	13.63	10.63
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	71.13	73.13	2.00	2.81	18	1.68	2.30	74.50	55.25
NYS	American Home Products	AHP	52.00	51.63	–0.38	– 0.72	14	2.12	4.11	55.13	45.88
NYS	Baxter International	BAX	22.88	22.88	0.00	0.00	– 53	0.64	2.80	26.25	20.50
OTC	Block Drugs Co.	BLOCA	34.75	34.63	–0.13	– 0.36	13	0.68	1.96	38.00	33.25
ASE	Bolar Pharmaceutical	BLR	7.63	6.88	–0.75	– 9.84	19	0.16	2.33	32.25	3.50
NYS	Bristol-Myers Squibb (H)	BMY	59.25	60.75	1.50	2.53	39	2.12	3.49	61.88	46.38
NYS	Carter-Wallace	CAR	48.63	53.25	4.63	9.51	16	0.80	1.50	60.50	44.63
ASE	Columbia Labs	COB	10.88	11.25	0.38	3.45	– 12	0.00	0.00	19.63	6.75
ASE	Forest Labs (H)	FRX	39.50	44.00	4.50	11.39	30	0.00	0.00	44.63	30.50
NYS	ICN Pharmaceutical (L)	ICN	3.00	2.50	–0.50	–16.67	0	0.00	0.00	6.88	2.50
ASE	Lee Pharmaceutical	LPH	1.63	1.50	–0.13	– 7.69	– 6	0.00	0.00	4.38	1.50
ASE	Leiner P. Nutrition	PLI	10.00	11.50	1.50	15.00	13	0.00	0.00	14.25	8.75
NYS	Lilly Eli Co. (H)	LLY	71.75	75.50	3.75	5.23	22	1.64	2.17	78.00	53.00
NYS	Marion Labs	MKC	24.00	23.75	–0.25	– 1.04	82	0.60	2.53	36.63	21.00
NYS	Merck Co. (H)	MRK	78.25	84.00	5.75	7.35	21	1.80	2.14	84.00	66.00
NYS	Mylan Labs	MYL	22.75	22.88	0.13	0.55	32	0.20	0.87	25.38	9.38
NYS	Par Pharmaceutical	PRX	5.63	5.63	0.00	0.00	– 9	0.00	0.00	11.25	3.88
NYS	Pfizer Inc.	PFE	60.00	62.50	2.50	4.17	15	2.40	3.84	75.75	54.50
NYS	Rorer Group	ROR	66.88	67.88	1.00	1.50	32	0.84	1.24	70.00	36.13
NYS	Schering Plough (H)	SGP	87.75	89.38	1.63	1.85	20	2.24	2.51	91.50	63.38
NYS	Syntex Corp. (H)	SYN	53.75	56.75	3.00	5.58	20	1.60	2.82	58.00	40.00
OTC	Taro-Vit Industries	TAROF	0.88	0.88	0.00	0.00	– 13	0.00	0.00	1.88	0.88
NYS	Upjohn Co.	UPJ	38.75	39.00	0.25	0.65	23	1.00	2.56	42.13	29.38
NYS	Warner-Lambert (s) (H)	WLA	56.88	59.88	3.00	5.27	19	1.52	2.54	60.75	43.25
OTC	Zenith Labs	ZENL	4.25	4.25	0.00	0.00	– 1	0.00	0.00	14.00	3.50
Other retailer transactions											
NYS	Albertson's (H)	ABS	61.00	64.00	3.00	4.92	21	0.96	1.50	64.50	45.13
NYS	American Stores	ASC	64.88	67.75	2.88	4.43	20	1.12	1.65	72.50	51.38
NYS	Giant Food	GFS.A	29.13	28.25	–0.88	– 3.00	16	0.60	2.12	36.25	24.13
NYS	Great Atlantic&Pacific Tea	GAP	59.50	56.88	–2.63	– 4.41	0	0.00	0.00	65.38	48.25
NYS	K mart	KM	33.88	34.50	0.63	1.85	21	1.72	4.99	44.88	32.13
NYS	Kroger	KR	14.00	14.25	0.25	1.79	–158	0.00	0.00	19.75	11.75
NYS	Melville Corp.	MES	48.75	50.00	1.25	2.56	14	1.40	2.80	53.63	41.13
OTC	Fred Meyer	MEYR	13.50	15.25	1.75	12.96	– 54	0.00	0.00	23.00	13.00
NYS	Penney, JC	JCP	65.25	64.75	–0.50	– 0.77	10	2.64	4.08	75.63	54.88
NYS	Safeway	SWY	12.13	12.63	0.50	4.12	253	0.00	0.00	12.88	11.63
NYS	Smith's Food & Drug (H)	SFD	30.50	33.13	2.63	8.61	28	0.28	0.85	33.13	20.50
NYS	Wal-Mart (H)	WMT	53.50	55.13	1.63	3.04	28	0.28	0.51	57.00	37.00

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (23 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Foreign subscriptions: airmail only $125 per year.

Second-class postage paid at New York, N.Y. and additional mailing offices. Copyright © 1990 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks notice to Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 12, No. 11 June 11, 1990

BEST AVAILABLE COPY

C5150-2

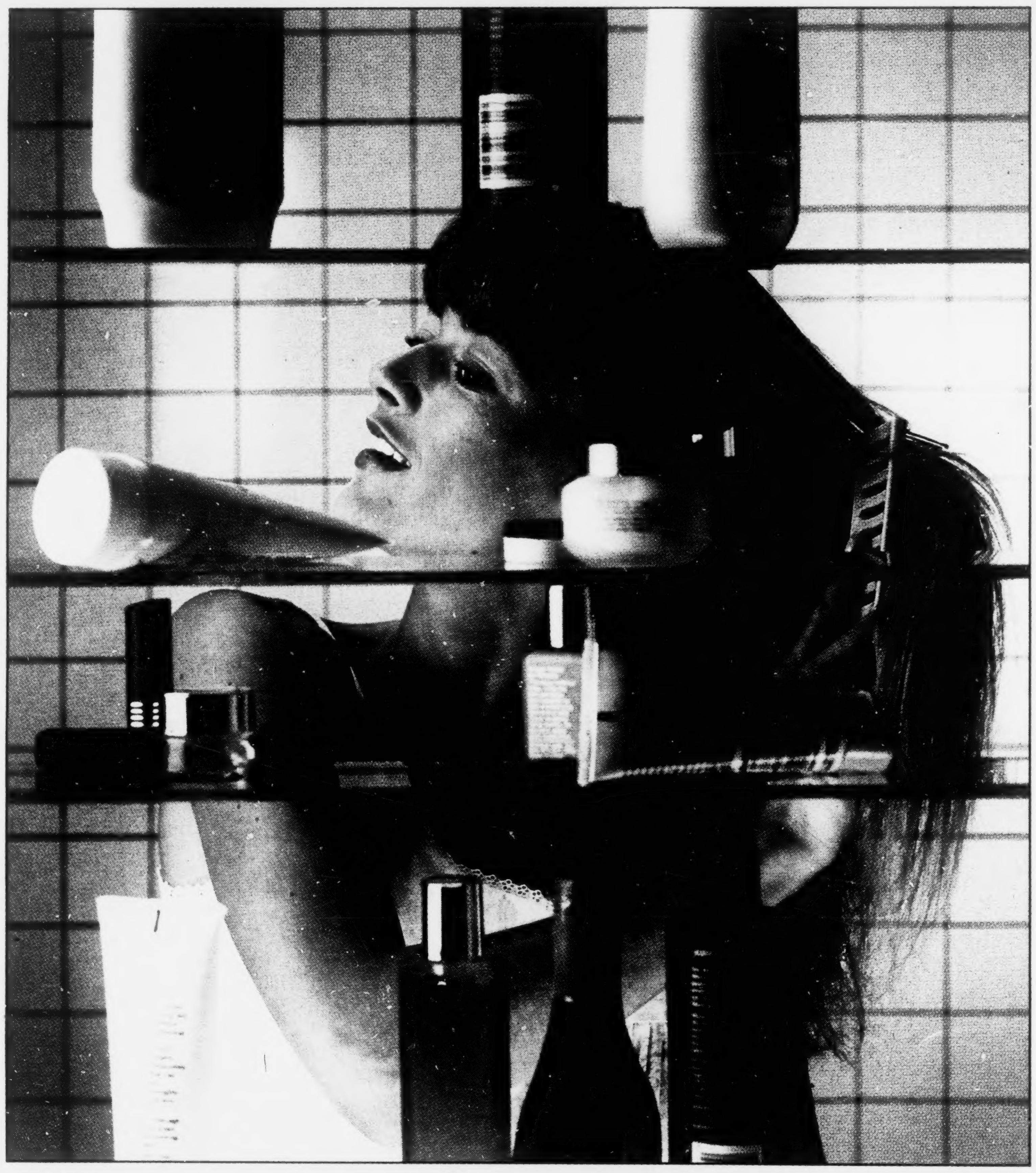
DRUG STORE NEWS®

SECOND CLASS

Vol. 12/No. 12 Our 62nd year of serving chains, wholesalers and high-volume independents Published by Lebhar-Friedman Inc. June 18, 1990

GALLUP '90 CONSUMER STUDY

Romancing the female customer—and succeeding



No particular trade class has *fully* captured the imagination of women, however. Everyone seeks an answer to the question once posed by psychologist Sigmund Freud: What do women really want?

Women are the ones who buy, use or apply most of the products that drug stores sell—making them *the* target audience, with over 80 percent of the customer base.

They vote with their purses and checkbooks, and have plenty of candidate stores romancing them—some more effectively than others. Women have such a broad choice of stores to shop, they can opt for convenience when that suits their needs, price when that looms most important, or assortment and service when these attributes seem most attractive.

At mass retail, then, consumer courtships run fickle. Shopper preferences change constantly, and vary by region and season. That's why chain drug merchants—largely held in high esteem and enjoying a strong health and beauty care image—must monitor consumer patterns closely to always understand the thoughts of women customers, their primary audience.

No particular trade class has *fully* captured the imagination of women, however. Everyone seeks an answer to the question once posed by psychologist Sigmund Freud: What do women really want?

To get a grip on the business part of that question, *Drug Store News* commissioned Gallup Research to conduct a nationally representative survey of 1,012 adult men and women to identify their buying habits for specific grooming and beauty categories. Between Feb. 19 and March 4, Gallup interviewed 510 men and 502 women, all 18 and over.

Drug Store News' report on the men's survey appeared in the June 11 issue. This issue contains our analysis of the Gallup findings on female shoppers.

Continued on page 47

NEWS IN BRIEF

Perry seals A.L. Price sale

PONTIAC, Mich. — Perry Drug Stores completed on May 31 its sale of 14 A.L. Price deep discount stores to a company headed by former market competitor Bill Edwards.

Edwards, who in the mid-1980s was president of F&M Distributors and later served as president of Revco D.S., signed an agreement to purchase the off-price division April 23. The purchase price wasn't disclosed.

Gallagher gets a top NACDS post

ALEXANDRIA, Va. — Christopher C. Gallagher has been appointed senior vp-administration and communications of NACDS, announced president Ronald Ziegler.

Gallagher, who joined the NACDS staff in 1986 as director of meetings administration, will be responsible for all NACDS activities in the areas of administration, communications and meetings.

Wal-Mart hits California

BENTONVILLE, Ark. — Wal-Mart Stores will open its first California store this summer in Lancaster, a city of 44,000 north of Los Angeles, a company spokesperson said. The first Northern California unit is due to open in the fall in Modesto, east of the San Francisco Bay Area.

Drug Fair moves to Spokane

SPOKANE, Wash. — Drug Fair Northwest relocated its headquarters operations in early June from Great Falls, Montana, to this eastern Washington city.

"We can service our stores better on this side of the Rockies, and the economic picture is better here," explained treasurer Bob Matteucci.

Four of the chain's six far-flung stores are on the Washington side of the mountains, he added, and growth prospects are better in the new location. Three of Drug Fair's headquarters staff, including president Bill Matteucci, have relocated to the new site.

Winkelman leaves Rite Aid for PPO

SOUTHFIELD, Mich. — Mike Winkelman has left his position as vp-third party programs at Rite Aid and is now senior vp-pharmacy at ValueRx, based here, one of the country's largest PPOs (preferred provider organizations). Rite Aid's Eric Sorkin, formerly vp-pharmacy services, replaces Winkelman as vp-third party.

IN THIS ISSUE

Features

Ex-Perry execs branch out with Maple ... 15
Annual Report quiz results and winners ... 42
Back-To-School strategies seminar ... 103

Beauty Trends

Gallup '90 Consumer Study 1,47
•Skin care ... 55
•Hair care ... 60
•Bath ... 71
Retailer cosmetics-fragrances strategies ... 72
Category in motion ... 82
Beauty Beat ... 86

Trends

Courting the general merchandise shopper ... 89
•Greeting cards ... 91
•Photo ... 95
•Sunglasses ... 97
•Lighting ... 98
•Candy ... 101

Inside Pharmacy

Cohen's Capsules ... IP3
Washington Perspective ... IP4
Supermarket focus feature on Safeway ... IP6
A look at Super Valu's latest Twin Valu unit ... IP8
1990 Generic Substitution Survey ... IP11
Southeastern's first pharmacy class is ready to help Rx'er shortage ... 18
Healthtalk ... IP29
Independent Focus ... IP31
Statewire ... IP32
Drug Watch ... IP36
In the Pipeline ... IP36
Priçe Scan ... IP37
You Be the Judge ... IP38
Rx/OTC Product Updates ... IP44
C.E. lesson ... IP47

Departments

Opinion
In the Market ... 6
The Human Side ... 6
People ... 18
Finance ... 110

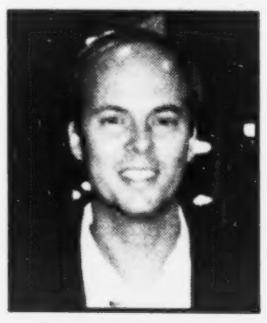
Shanower and Landers get new posts at Drug Emporium

COLUMBUS, Ohio — Drug Emporium announced new titles and responsibilities for two of its top executives, Rich Landers and Frank Shanower.

Landers, formerly vp-marketing, is now vp-merchandising and marketing. Shanower, formerly vp-merchandising, has been appointed vp and director of vendor relations. Both remain on the company's executive committee, said Bob Lyons, Drug Emporium president.

Calling the vendor relations position uncommon, if not unique, in the industry, Lyons said, "It will enable us to spend more time one-on-one in the markets with the franchisees, corporate personnel and vendors. It will ensure that our programs get implemented on all sides, including the vendors. Frank has built a reputation for innovation and creativity over the years, and he will be able to use this to get our job done in the field."

Shanower



Landers

Closer together

Landers' expanded responsibilities "bring our merchandising group closer to the operational part of the business," Lyons continued. "Rich is a multi-talented and very organized person."

"It made sense to us and is something we've been working on for awhile. It's good for everybody," he said.

Vons driving toward recovery after detouring to get Safeway

By James Frederick

ARCADIA, Calif. — With the massive job of integrating the former Safeway stores into its Vons store network largely accomplished, The Vons Companies has staunched the flow of red ink and is pushing ahead with expansion and improvement plans.

"We have a lot planned for 1990," Vons chairman Roger Stangeland told shareholders at the annual meeting May 17. "We currently have 40 major remodels scheduled (including 24 original Vons and 14 former Safeway stores). At a cost of approximately $1.3 million each, our remodels historically average sales increases of between 25 percent and 30 percent."

The supermarket and combo store operator will also open four new stores this year, he said, including a new Pavilions which opened in March in Culver City, Calif., and "is off to a good start." Last year, the company opened six new units and completed 32 major remodels and 81 store rehabs at a cost of about $200,000 each, and 253 store remerchandisings utilizing computer-aided shelf management programs to target local market conditions.

Vons' expansion and remodeling plans have a definite impact on the chain's drug store competitors, since most new stores and many renovated units contain pharmacies and full drug store departments. Indeed, only one of the stores opened last year was a traditional Vons supermarket, and the chain closed 28 smaller, underperforming and duplicate stores.

Currently, Vons operates 328 stores in southern California and Las Vegas. The total includes 74 Vons Food and Drug Stores, 221 Vons supermarkets, 12 Pavilions, 13 Pavilions Places and eight Tianguis supermarkets, the latter aimed at Hispanic consumers.

Vons' biggest task last year was merging the operations of its core stores with those of the former Safeway units, while boosting revenues from the acquired stores. Vons purchased Safeway's Southern California operations in August 1988, incurring two years of net losses as it spent heavily to purchase and integrate the more than 150 Safeway units, warehouse operations, computer systems and other components. The integration in-

Continued on page 8

Vons changes HQ address

ARCADIA, Calif. — Vons has completed a companywide move to a new corporate headquarters in this city east of Los Angeles, a few miles from the old offices in El Monte.

"For the last several years our administrative staff has operated as many as five different locations, and I know everyone at Vons is looking forward to being reunited in this new building," said Vons chairman and ceo Roger Stangeland at the company's annual shareholders' meeting.

The move was capped off in mid-May.

DrSN opens news bureau in Dallas

NEW YORK — *Drug Store News* has opened a news bureau in Dallas, which will serve as a base for coverage of Southwestern and Western markets.

Elizabeth Richardson, who has served the past year as assistant pharmaceutical editor on *Drug Store News/Inside Pharmacy*, has been transferred from New York to the Dallas office, where she is assuming the role of field editor. While continuing to report on pharmaceutical issues, her responsibilities are being expanded to include general industry news coverage.

After graduating from the University of Texas with a Bachelor of Journalism degree, she worked at the Texas Pharmaceutical Association. She also served at *Family Circle*.

Drug Store News also operates news bureaus in Cleveland and Washington, D.C.

Bottom Line hits Greenwich Village

NEW YORK — Bottom Line, a chain of five stores located in Manhattan, is set to open its sixth store this month in Greenwich Village, at the corner of Bleeker and Christopher streets.

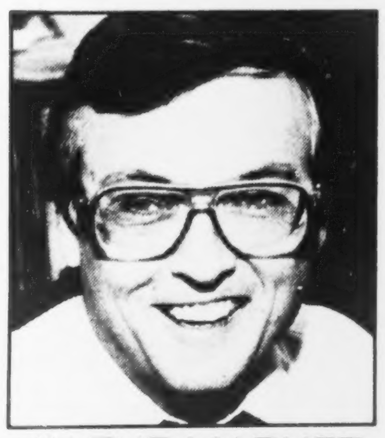
With 1,200 square feet of selling space, this Bottom Line won't include pharmacy, but will have extensive sections of small appliances; H&BA, including professional hair care products; OTCs; and cosmetics, staffed by a cosmetician. The bath section, which management considers a growing category, will offer fine soaps and natural products.

"Our slogan is price and service," said Norman Sirota, Bottom Line's president.

Bottom Line stores vary in size from 1,200 to 3,000 square feet. Some units have pharmacy departments and such services as mailbox rental, phone answering, copying, UPS and parcel post, and a print business.

OPINION

"Green" column gets green light



IN THE MARKET

BRUCE BUCKLEY

The pages of consumer and trade papers have been filled lately with news about the developing "green movement" among retailers and the manufacturers who supply them. The movement represents a kind of redawning of ecological consciousness that's been triggered by the worldwide fear that — not to be too apocalyptical about it — we may all soon be facing the equivalent of environmental Chapter 11, if we aren't there already.

For example, this year Pay Less launched a campaign to manage and recycle solid waste — an area of crucial importance to environmentalists, and certainly to Pay Less' environmentally savvy customers. The chain kicked off the campaign with a one-day recycling fair, said to be the first of its kind in Oregon.

The aim of the fair: to educate employees, vendors and the public about the value of recycling and waste reduction. By all accounts the event was a huge success, and in the ensuing months the chain has continued to provide strong leadership in the area of waste management and recycling.

Pay Less is just one of dozens of companies that are reacting with urgency to the new environmental consciousness that's sweeping the country. In recognition of the important role that retailers and vendors are playing in this area, *Drug Store News* will begin a new column next issue that will throw light on the environmental concerns and activities of these retailers and vendors, many of whom are, of course, our readers.

We're calling the column *Greenscape.*

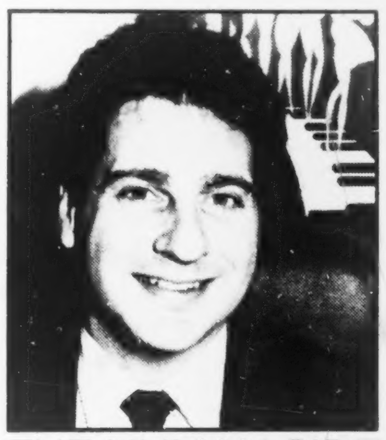
Once a month you can look forward to news about the efforts of retailers to come to grips with waste reduction and of their manufacturer partners to develop new compact products and packaging that not only cut waste but also reduce the amount of space required on retailer shelves — a solid two-bagger if there ever was one.

We'll also be highlighting national and state legislative and regulatory efforts in the environmental area that have a direct impact on retailers and their suppliers. And we'll look at environmental causes in various markets and how retailers are reacting to them.

These are just a few of the issues and trends we'll be addressing in the months to come. The column is being written by executive editor Al Heller, whose environmental consciousness was awakened long before the latest outburst of world concern. In 1979 Heller co-authored a how-to book on the use of solar energy to create low-cost, high-yield gardens year-round in virtually any climate. It was called "The Passive Solar Dome Greenhouse Book," and it went through two printings. Solar energy may not be at the top of everyone's environmental priority list today, but who knows what will happen down the road.

In the meantime, Heller will be focusing his attention on the new environmental issues and how they relate to retail business concerns. We think the timing is right.

Show respect! She could be *your* mother



THE HUMAN SIDE

AL HELLER

When people date, the saying goes, a woman tries to predict how the man may treat her in the future by watching how he treats his mother. If he shows proper respect and care, then the relationship could have a future.

Treating your mom well is not only the right thing to do; it has payoffs — both in real life and in retailing. Chances are the way you treat your mom is the way you run your business — or at least the way you treat elderly customers in your stores.

Much has been written about the graying of America, and how the 50-plus age group will swell 18.5 percent through the 1990s to 76 million people. This group, which is increasingly concerned about health issues and the prolonging of youth, already accounts for 40 percent of U.S. consumer demand. Their $800 billion combined annual income represents more than half of the nation's discretionary income.

As stated in Age Wave's *The Shifting American Marketplace*, people 50 and over spend more in drug stores than any other age group, and purchase 37 percent of all OTCs.

Now, a national survey of the mature market, "Older Consumer Orientations Toward Marketing Practices and Responses to New Products," offers valuable insights into the thinking and motivations of these veteran shoppers. The study, sponsored by the American Association of Retired Person's Andrus Foundation, was conducted by George P. Moschis, director of the Center for Mature Consumer Studies at Georgia State University. The study is based on a mail survey of 1,515, including responses from 951 adults aged 55 and over.

Some highlights:

- Older adults are more loyal to stores they patronize than younger shoppers, with 72 percent saying they prefer to do most shopping in a particular store. Older consumers also expect more services from retailers. They value the presence of a personal advisor (notable for cosmetics and pharmacy) and efficient handling of returned merchandise. The report noted further that 43 percent of mature shoppers "don't mind paying higher prices if a store is conveniently located."
- Promotions may not be as effective at encouraging brand trial or switching with older adults as they are with younger consumers. The older group is more likely to use such incentives to save on the products they usually buy. When asked about free samples, 46 percent said, "I would hesitate buying a new health care product if I haven't used a free sample of it."

> *Treating your mom well is not only the right thing to do; it has payoffs — both in real life and in retailing.*

- Slightly more than half of older adults feel entitled to more discounts than younger people, the report noted. And while 27 percent said they "like advertisements that show products especially for older people," they don't respond nearly as well to advertisements they perceive as pandering. Close to one in three said they have avoided buying products when they felt ads improperly stereotyped an age group. Simply, they think of themselves as younger.
- Older consumers want to make intelligent product choices. To avoid costly mistakes, many stick with well-known brands rather than try new or lesser-known brands.

The portrait I get of these people is that they are cautious, loyal, vigorous and value-seeking.

When visiting your stores, keep these impressions in mind. And if you see some older ladies, think of your mom and treat them accordingly.

DRUG STORE NEWS®

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Vaczek**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Editorial Assistant **Fred Rueckher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Elizabeth Richardson (Field Editor, Dallas)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maryellen Seery**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Office Manager: **Angela Ftaras**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Area Manager: **Maggie Kaeppel**
Office Manager: **Beverly Wendtland**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**
Office Manager: **Maureen Jackson**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg
Business Manager **Joel Safir**

Board of Advisers

Judie Doherty, McKesson Corp.
Bill Edwards A. L. Price
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Beiltz Shoppers Drug Mart
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher
James T. deGraffenreid
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau MPA ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

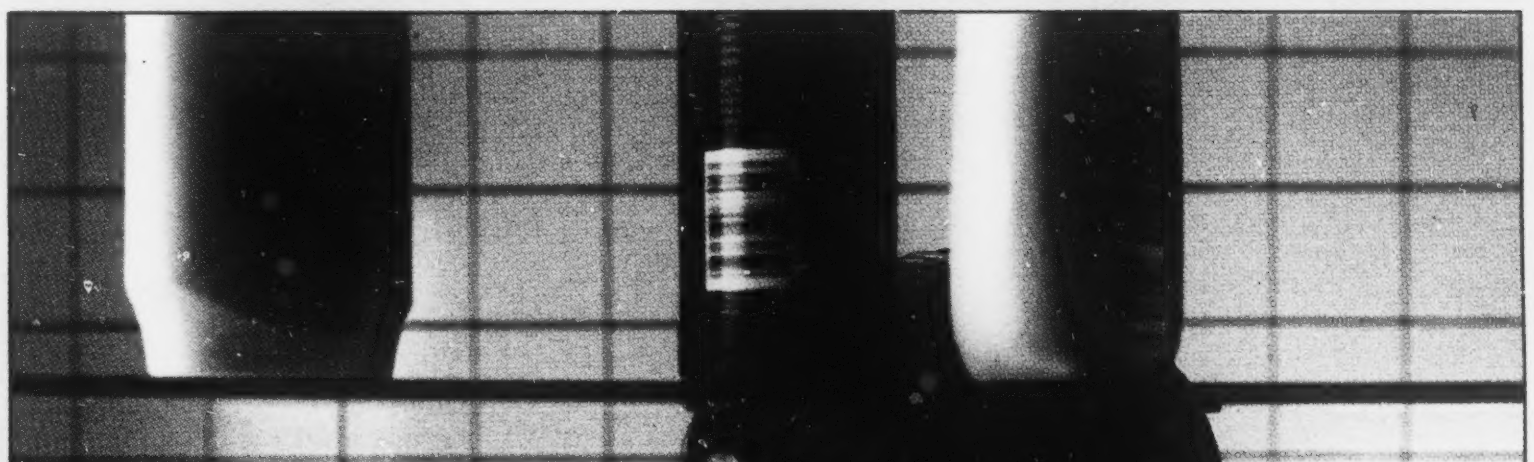
Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

BEAUTY TRENDS

GALLUP '90 CONSUMER STUDY

Romancing the female customer—and succeeding



Food stores scored low on prices and selection, but 89 percent of women polled said convenience was a strong inducement to buying styling aids and other beauty products while loading up on family foodstuffs.

Cont. from page 1

For the women's survey, buying preferences in three product categories—facial moisturizers, hair styling aids, and bath and shower products—were examined.

Based on these findings, convenience and price are very important to shoppers, so it is encouraging that drug stores scored relatively high on these dimensions, at least with core customers.

Moreover, Gallup findings indicate that drug stores could improve purchasing motivators such as product assortment, exciting merchandising, service and ambience.

When Gallup asked women users of, say, facial moisturizers, how drug stores might make themselves better places to shop, more than a few suggestions were offered.

Cited most frequently: sharper prices and better value. Almost as often, people said: stock a greater variety of brands, use more colorful point-of-purchase displays, run more advertised specials and offer service "when needed."

Women also vocalized that they want to be able to find their preferred brands more easily, and they enjoy free samples.

On an overall basis, food stores scored low on prices and selection—but 89 percent of women polled said convenience was a strong inducement to buying styling aids and other beauty products while loading up on family foodstuffs.

While it appears that drug stores are able to make some women happy on convenience and price, they have lots of company here in well-located food and discount chains.

So it seems necessary for drug stores to develop additional ways to attract consumers while doing everything possible to strengthen their image as convenient, reasonably priced stores to shop.

Also, to reach a broader base of customers, drug stores will have to put more effort into providing better service, a broader assortment of quality products, and a constantly exciting environment in which to shop.